DEPARTMENT OF MUNITIONS AND SUPPLY

ECONOMICS AND STATISTICS BRANCH

WARTIME CONTROLS IN CANADA

(Third Edition)

June 15, 1942

H. Carl Goldenberg,
Director-General,
Economics & Statistics Branch.

DEPARTMENT OF MUNITIONS AND SUPPLY

OTTAWA, CANADA

June 18, 1942

The Honourable C.D. Howe,
Minister of Munitions and Supply,
Ottawa, Canada

Sir:

I beg to present herewith the third edition of "Wartime Controls in Canada", prepared in co-operation with the Wartime Industries Control Board, the Wartime Prices and Trade Board, the Department of Trade and Commerce, the Transport Controller, the Canadian Shipping Board, and the Department of Labour.

Respectfully submitted,

H. CARL GOLDENBERG,
Director-General,
Economics and Statistics Branch

FOREWORD

This memorandum deals principally with controls exercised by the Wartime Industries Control Board and the Wartime Prices and Trade Board. It also contains information covering certain import and export controls, wage and salary controls, labour regulations, and the activities of the Transport Controller and the Canadian Shipping Board.

While it is intended to provide an outline of most of the wartime controls affecting production and distribution of chiefly non-agricultural products, no summary of this general nature can be sufficiently comprehensive for all practical purposes. Consequently it should not be used as a final source of reference. Minor omissions may be individually important. Recourse to the Orders themselves is desirable and often imperative.

Most of the data and information were collected as of about June 1, 1942 and do not give full effect to Orders issued after this date.

CONTENTS

A. GENERAL CONTROLS

(For Alphabetical Index see page 44)

CONTENTS

A. General Addenda

B. SPECIFIC CONTROLS

(See Conservation of Supplies Page 12 - 15)

(For Alphabetical Index see page 44)

A. GENERAL CONTROLS

1. MACHINERY OF CONTROL

The duty of organizing and mobilizing the resources of Canada for war purposes is vested in the Minister of Munitions and Supply, who is accordingly empowered to mobilize, control, regulate or restrict any branch of trade or industry. He exercises his authority principally through the following agencies:

(i) Controllers, members of the Wartime Industries Control Board, who, individually and collectively as a Board, have wide powers of control and jurisdiction over steel, metals, oil, power, timber, chemicals, machine tools, motor vehicles, construction, ship repairs and salvage, transit facilities and miscellaneous supplies, such as silk, rubber and a wide range of goods and commodities;

(ii) The Priorities Branch of the Department of Munitions and Supply under a Priorities Officer with wide powers to fix priorities of production, transport and delivery and to issue Orders accordingly;

(iii) Government corporations operating in rubber, silk and machine tools.

The Wartime Industries Control Board, under the chairmanship of the Assistant Deputy Minister in charge of Industrial Controls of the Department of Munitions and Supply, is in complete control of the supply and allocation of various commodities and materials essential to the war effort. The Board is responsible to the Minister of Munitions and Supply.

To assist in co-ordinating the work of the Wartime Industries Control Board with the production branches of the Department of Munitions and Supply, the Chairman of the Departmental Production Committee is a member of the WICB, while the Chairman of the WICB sits as a member of the Departmental Production Committee.

The Wartime Prices and Trade Board is the supreme authority in the whole field of price control, including controls established by the Departments of Munitions and Supply, Agriculture, and Fisheries, and by various federal and provincial boards. In addition, all goods and services not under the jurisdiction of controllers are subject to the authority of the Wartime Prices and Trade Board. This Board is also empowered to restrict, and effect increased standardization in the production and distribution of such goods and services. It may also recommend the reduction or removal of duties and taxes, and, through the Commodity Prices Stabilization Corporation, may pay subsidies to prevent a puncturing of the price ceiling. The Board is responsible to the Minister of Finance, and exercises its control through Administrators of various products, trades and industries.

Co-ordination between the Wartime Industries Control Board and the Wartime Prices and Trade Board is particularly close. The Chairman of each Board sits as a member of the other, and all action by the Controllers and the WICB with respect to price requires the concurrence of the Wartime Prices and Trade Board. In addition, each Controller is ex-officio a temporary member of the WPTB during such time as the price aspects of any matter under the Controller's jurisdiction are under discussion by that Board. With a view to avoiding duplication and overlapping of administrative machinery, Controllers of the Wartime Industries Control Board agreed to extend their spheres of interest to deal with price matters within the Wartime Prices and

Trade Board's jurisdiction. To this end, all twelve Controllers were appointed Administrators under the WPTB. The exercise of these administrative powers is in addition to, and supplementary to, the primary responsibility of Controllers, which is the provision of war requirements. Also with a view to avoiding duplications, the Wartime Prices and Trade Board has made available to the Wartime Industries Control Board the use of its regional office facilities and its investigatory and policing organizations.

Apart from controls effected through fiscal policies, restrictions on economic activities are also imposed by export permit regulations; the operations of the War Exchange Conservation Act which prohibits or restricts certain imports; the Transport Controller; the Canadian Shipping Board; the War Labour Boards covering wages, the Department of Labour in respect to employment; and by control over salaries. Other controls, primarily those affecting agriculture and foreign exchange transactions, are not covered in this memorandum.

2. CONTROL OF PRICES

(a) The Price Ceiling

During the first two years of the war, the principle guiding the activities of the Wartime Prices and Trade Board in the stabilization of prices consisted of efforts to provide an adequate and regular flow of civilian supplies to the Canadian market, rather than in any attempt at widespread price-fixing or price control. But purchasing power expanded rapidly as huge Government expenditures were made for war purposes. Enlarged employment and rising wages were experienced. Production of consumer goods contracted because of increasing diversions of labour, materials and capital equipment to the war effort. By the end of the second year the beginnings of an inflationary trend were indicated. Accordingly, in the fall of 1941, the Government imposed a "ceiling" on wages and prices.

Under the price ceiling Order, effective December 1, 1941, no person in Canada may sell goods or supply services to the consumer at a price or rate higher than the maximum price or rate at which he made sales of such goods or services during the basic four-week period, September 15 to October 11, 1941. The price ceiling applies to each individual store, department or branch on the basis of its own prices for each separate kind and quality of goods and services during the basic period. Customary quantity discounts, or other conditions of sale resulting in a lower net price, must be continued. The original Order specified a wide range of services as coming under the maximum prices regulations, and several classes of services have been subsequently added. Suppliers of goods and services are not permitted to give the consumer less value for his money by lowering the quality, material, style, workmanship, size, weight or intrinsic value of what they sell.

(b) Administration

Power is given to the Wartime Prices and Trade Board to vary any maximum price, to prescribe other or additional conditions and terms of sale, or to exempt any person or goods or services wholly or partly from the Regulations. Provision is made for the adjustment of prices between buyers and sellers at the wholesaler and manufacturer level where costs have increased, subject to supervision by the Administrators of the WPTB, but the general level of retail prices is to be maintained at or below the level which prevailed in the basic period. Authority to restrict production and to introduce greater standardization is provided in the Administrator's power to prescribe "the kinds, types, quantities, sizes and qualities of any goods or services" and "to prohibit the sale or supply except in accordance with such prescription". Control of civilian supplies, the buying and selling

of any goods or services directly or through agencies designated, is within the power of the WPTB. It may also recommend the reduction or removal of duties or taxes, and, through the Commodity Prices Stabilization Corporation, recommend the payment of subsidies. Penalties on buyers and sellers alike are provided for any infringement of the Order, and enforcement agencies have been established throughout Canada.

In administering its wider powers over prices and civilian supplies, the membership of the Wartime Prices and Trade Board has been enlarged to include representatives of several departments of the Government, the Wartime Industries Control Board and the Commodity Prices Stabilization Corporation. Many more commodity and service Administrators have been appointed since the adoption of the over-all price ceiling, most of them from among recognized business leaders in their particular industries. Under the original Order and subsequent Board Orders, Administrators have full powers of investigation, revision of maximum prices within the price ceiling, control of civilian supplies (methods and modes of production and distribution), and adjustment of anomalous retail prices under special circumstances. (Concurrence of the Chairman, however, is necessary except for individual retail adjustments). To facilitate administration and the spreading of information, regional offices and sub-offices of the WPTB have been established in thirteen major areas across Canada. A Consumer Branch has been set up as a clearing house for problems arising out of price control measures and to afford consumers throughout Canada direct representation in shaping Board policies and operations. Women's regional advisory committees have been organized in association with each of the regional offices. In addition, corresponding committees and liaison representatives in organized women's groups have been appointed in many cities and towns.

(c) Exemptions

Actually, not all retail prices have been maintained at the September - October 1941 level. Maintaining the over-all price ceiling has involved several types of price adjustment. Some groups of commodities and services have been exempt from the application of the price ceiling because of special factors. The original Regulations exempt sales to the Department of Munitions and Supply or any agent thereof, goods sold for export, the sale by any person of his household or personal effects, isolated sales by persons normally not handling them, bills of exchange, securities and title deeds, and sales of goods by auction where this procedure is the normal practice. Services not specified in the Regulations and subsequent Orders of the Board are exempt: services such as those of doctors, lawyers, brokers, advertisers, translators, etc.

For a variety of reasons the Board has exempted other goods and services: fresh fruits and vegetables and greenhouse products (Nov. 23, 1941); raw and dressed fur skins and garments made wholly of fur (Dec. 1, 1941); Christmas trees (Dec. 9, 1941); all fresh water fish and most salt water fish (Dec. 18, 1941); live animals, including birds, fish, insects, etc., (Jan. 6, 1942); certain classes of seeds and bulbs (Jan. 13, 1942); imported books and printed music (Jan. 13, 1942); spring and summer lamb (Jan. 20, 1942); hay and straw (Feb. 1942); transactions between primary producers of agricultural products, livestock and poultry and their products (Feb. 12, 1942); dealers in stamps (March 7, 1942); alcoholic beverages sold by Provincial Liquor Control Boards (March 23, 1942); and salt for the use of sea or gulf fisheries (May 5, 1942). Respecting sales of goods by primary producers to dealers or processors, the following are exempt: livestock, poultry, eggs, cream, milk, dairy butter, farm-made cheese, honey, maple syrup, and fish (effective Dec. 1, 1941), but all these products except fish are subject to the retail price ceiling.

(d) Extension of the Price Ceiling and Clarification

The Board has extended the ceiling to cover other groups of services: all manufacturing processes performed on a custom or commission basis (Nov. 29, 1941); printing and publishing (Jan. 21, 1942); services performed by optometrists and opticians (Feb. 3, 1942); the laying of carpets, rugs and linoleum (May 5, 1942). Price ceilings have been reimposed on onions, potatoes and bananas, which had been exempted in December, 1941. Because sales had been reported at prices in excess of those demanded in the basic period, the Board fixed specific maximum prices for fuelwood in numerous areas (April 26, 1942), having established a uniform method by which fuelwood may be measured for sale and delivery (April 13, 1942). The problem of maintaining control over the moving picture industry led to the issue of a special Order giving the Administrator of Services wide powers in prescribing the terms and conditions in the distribution and exhibition of moving films and the terms and conditions under which these may be sold, rented or supplied (Feb. 10, 1942).

The situation with respect to used goods became acute because of rapidly increasing scarcities of a number of products, notably rubber tires and burlap bags and glass bottles. Late in January, the Board appointed an Administrator of Used Goods, with powers to fix or approve any specific or maximum price for any second-hand goods, and control over sales, deliveries and supplies. These powers have been exercised in the case of used bags and bagging (March 18, 1942); and reliners and patches for rubber tires (May 27, 1942). Ceiling prices on all retreaded and used tires, used tubes and retreading and repair services have been established by the tire rationing Order, issued by the Controller of Supplies (Dept. of Munitions and Supply) and concurred in by the Wartime Prices and Trade Board (May 14, 1942). The division of functions between the Commodity Administrators and the Administrator of Used Goods is made on the basis of agreement. In this connection, the Motor Vehicle Administrator established a uniform price ceiling on used passenger cars in each province of Canada, providing for a systematic depreciation rate on all used cars according to age and model year in relation to the established ceiling of the equivalent current year model (May 15, 1942).

(e) Retail Price Anomalies

In some special cases, the Board has granted permission to pierce the retail ceiling. Where a few retailers failed to raise their prices during the basic period to reflect high costs for specific products they have been permitted to bring their prices into line (e.g. Oka cheese, bottled soft drinks, Van Raalte labelled lingerie, certain frosted foods). A corset manufacturer who had not increased prices during 1940 and 1941, and who was suffering losses in 1942, was permitted to raise his price. Retailers handling the product were permitted to do likewise. Similar cases in which higher manufacturing costs have been passed on to the consumer have included: knitted sweaters, canned crabmeat, canned lobster and butter colour. In each instance the retailer could not add to his cost a greater mark-up than he charged in the basic period.

There have been cases where prices of a whole line of goods required adjustment. As a result, action has been taken by the Board on the recommendation of the commodity Administrator concerned, with the concurrence of the Administrator of Retail Trade. The changes in import conditions after Pearl Harbour made it necessary, for instance, to discontinue the relatively low retail prices for tea in the Maritimes and the Western provinces, and an increase of 5 cents a pound was permitted. Canned salmon prices which had been based on the cost of the 1940 pack were allowed to rise 1 cent for a one-pound can and 1/2 cent for one-half or one-quarter-pound cans above the base period price to allow for higher costs.

Flexibility has also been effected by changes in the basic period.

Thus, the maximum retail price at which any person may sell any 1942 motor vehicle model is to be the price at which such person sold a substantially similar 1941 model prior to September 15, 1941. A new basic period was set by the Board in bringing onions and potatoes back under the ceiling, and by the Timber Administrator in fixing pulpwood prices.

(f) Seasonal Goods and Services

In several instances the September - October 1941 ceiling was not considered representative and was superseded by the prices in corresponding periods in 1941 or by some other seasonal schedules. Railway freight and express rates, trucking rates, motor vehicles storage rates, rentals, and the prices of coal and coke have been allowed their normal seasonal variation. On January 21, 1942, the WPTB allowed the meat trade to vary maximum retail prices for beef, veal and lamb corresponding to changes in quality of the meat available for sale as compared to that sold during the basic period. (This Order has been superseded by a more recent Order establishing uniform maximum prices for beef which packers and wholesalers may charge in different zones in Canada). The price ceiling was removed for Spring and Summer lamb. The Board allowed an adjustment in the price ceiling on potatoes to permit a maximum increase of 5 cents per bushel per month for each of the months of April, May and June to cover waste in storage from sprouting, rotting and shrinkage (April 2, 1942). On May 21, 1942, the Board announced a new plan for the maintenance of supplies of beef by establishing a new basis of maximum prices for packers, wholesalers and retailers of beef products. In recognizing the necessity of seasonal variations in cattle prices which would allow for the normal cost of wintering and encouraging winter feeding of cattle, the new Order makes provision for corresponding adjustments in wholesale and retail ceiling prices on beef.

For seasonal goods substantially similar to goods sold by retailers during the basic period, the WPTB ruled that the ceiling price must be no higher than the ceiling price for the substantially similar goods that were sold during the basic period. For seasonal goods substantially different from goods being sold during the basic period the Board is allowing prices in the Spring and Summer of 1942 to exceed prices in the Spring and Summer, 1941, by approximately the same amount as the increase in the prices of year-round merchandise last Autumn, as compared with last Spring. Prices charged by manufacturers for goods of this character must be approved by an Administrator of the WPTB. Retailers will be allowed a percentage on cost not greater than that during the last season in which similar goods were sold. The WPTB issued a Bulletin to all retailers concerned, listing the articles which the Board has declared to be "new" seasonal goods, consisting mainly of summer clothing, summer sports-wear and equipment, summer furniture and furnishings, communion veils and dresses, and a few miscellaneous items. (Seasonal goods as defined under the most recent Order of the Board, Order No. 115, and listed in Retailers' Bulletin No. 6).

(g) Standard Maximum Prices

A number of maximum price Orders have been issued to cover situations in which the individual ceiling did not provide an effective basis for control. In its "Preliminary Statement of Policy", November 21, 1941, the WPTB recognized a distinction, for the purpose of price control, between individual price ceilings for merchants and manufacturers and market price ceilings for farm products. In this connection the Canadian Wheat Board, acting as Administrator for the WPTB, has set maximum prices for barley, rye, oats, flax seed, corn and screenings. It has also made provision for transport cost and handling charges and premiums to cover diversion and selection for special uses in the case both of these coarse grains and of wheat. For alfalfa meal the price has been set as the cost of hay plus six dollars a ton for processing in addition to transport and handling charges. The Wheat Board has also set a maximum charge for recleaning or processing wheat, oats, barley, rye and flax seed. In following a similar policy, the Seeds Administrator has issued a schedule of maximum prices on vegetables, field root, field and lawn seeds and on seed grain and corn.

The WPTB established standard maximum prices (as distinct from individual ceiling prices for most goods and services) for cheddar cheese (manufactured in Ontario and Quebec, Nov. 12, 1941; manufactured in all the provinces April 7, 1942); dressed turkeys, grade A, at certain points in Canada (December 10, 1941); wholesale prices of hay at Toronto, Montreal and Ottawa (December 16, 1941, and January 6, 1942; later hay and straw were exempted from the ceiling regulations); polished diamonds (January 10, 1942); alfalfa meal and grain intended for animal feed (January 13, 1942); seeds and bulbs (January 13, 1942); tea (January 13, 1942); linseed oil and oilcake meal (February 2, and February 10, 1942); meal and animal products for feeding purposes (February 10, 1942); fishmeal products containing significant quantities of vitamins for livestock and poultry feeds (March 30, 1942); common cod oil and refined medicinal cod liver oil (May 8, 1942); animal fats such as tallow, grease, oleo oil, etc. (May 18, 1942); and molasses for making silage from grass and green legumes (May 8, 1942). The price of standard cheese boxes was fixed by Order of the Timber Controller, (January 14, 1942); fruit and vegetable packages, (February 25, 1942, amended April 25, 1942); and meat baskets, (April 10, 1942). A considerable increase in the cost to the manufacturer of the ingredients for seidlitz powders and the necessity for regulating their packaging and uniform marketing resulted in the fixing of uniform maximum prices (April 15, 1942). A schedule of uniform prices has been drawn up for each of the standard types of full fashioned hosiery which have been arranged to deal with the difficult situation created by the disappearance of silk and the expense to which manufacturers have been put in experiment with new materials. Prices that canners may charge have been set for the 1942 pack of tomatoes, peas, corn and green and wax beans to allow for unavoidable cost increase (the Order sets increases in payments to the growers of these vegetables). Effective May 1, 1942, the WPTB introduced a complete reorganization of ceiling prices on milk and dairy products.

(h) Adjustment of Intermediate Ceilings

With a view to sharing out the burden of higher cost in relation to the rigid retail price ceiling, the WPTB and its Administrators have made substantial progress in securing readjustments of intermediate ceiling prices. In those cases where producers have found that their customers were quite ready to pay higher prices without in turn raiding their prices, the Administrators have been giving permission for upward revisions of intermediate prices, subject to careful safeguards. A more numerous class of adjustments has involved a downward revision of price ceilings to bring wholesalers' and manufacturers' charges back to the levels which provided the basis for the retail ceiling.

In the cotton industry, primary textile manufacturers have agreed to keep their prices at the level of cotton prices prevailing in February 1941. In the shoe industry, manufacturers have agreed to absorb 4 per cent of an estimated increase in cost of 15 per cent, while wholesalers and retailers are sharing between them a 4 per cent increase in price. A similar distribution of the burden of higher cost has been made for leather clothing and gloves. In the case of men's made-to-measure clothing, manufacturers have been allowed to increase their price on certain specified ranges by 50¢ per unit on all lines priced to the retailer up to $20, and by 5 per cent on all lines priced at $20.50 and over. The difference to the retailer of men's ready-to-wear clothing must be limited to 5 per cent over the cost of similar merchandise sold for the fall of 1941.

Seasonal merchandise not sold during the basic period is to be put as nearly as possible into the same price ceiling range as for the spring and summer of 1941, but in no case may the manufacturer offer these goods for sale at more than 10 per cent over the price he charged during the spring and summer of 1941 for similar goods.

In a number of other cases, businesses are absorbing cost increases: a manufacturer of hosiery, a large rayon manufacturer, rayon piece goods, the

furniture trade in Ontario and Quebec, chocolate bars, tea, harness, industrial gloves and canvas, canton, Jersey and leather palm work gloves made of cotton fabrics. In the manufacture of brushes, Orders have been issued setting maximum price for both raw and dressed horse-hair in such a way that the "squeeze" is passed on in the appropriate manner to brush manufacturers. Reduction in wholesale prices charged by canners for some 35 kinds of domestic canned fruits and vegetables of the 1941 pack to the original lowest level charged last spring in advance sales, will enable wholesalers and retailers to bring cost prices into reasonable relation with their maximum selling prices.

The Furniture Administrator issued an Order fixing prices on frames for upholstered goods at a level higher than basic period prices to take care of part of considerable increases in the costs of production of frames (Feb. 21, 1942). Since no maximum price has been fixed on furs, the Clothing Administrator permitted manufacturers, wholesalers and retailers to increase the price of women's and children's fur trimmed cloth coats by not more than the increase in the value of the fur used over the highest value of the same kind and quantity of fur used in 1941 for such purpose (March 7,1942).

The Administrator of Cotton issued an order regulating the price of Mattress Flock and No. 1 New Tailor Sweepings in order to maintain the price of finished mattresses in accordance with the Maximum Price Regulations (April 15, 1942). Higher maximum prices have been fixed at which any processor may sell frozen eggs or frozen egg melange since processors are required to pay a higher price to obtain eggs than they paid in 1941 (April 10, 1942).

In order to conserve the supply of gelatine which had been used as a stabilizer in the manufacture of ice cream, the price of a substitute, known as "Dairiloid", has been fixed by an Administrator's Order (April 13, 1942). Increases in the price of rayon printed fabric, not similar to such fabric sold during the basic period, have been fixed at a specified amount above the price sold by manufacturers during the period January 1 to March 31, 1941 (April 13, 1942). Prices for canned crabmeat processed by certain canners in British Columbia have been increased by 20% over those prevailing during the basic period, and wholesalers and retailers have been allowed to sell the product at a price which includes the mark-up charged by the seller during the basic period (April 24, 1942).

The price of material used for canvas fronts has been allowed to increase 10% over the price charged during the basic period (May 5, 1942). Manufacturers of cotton wipers have been permitted to increase their price one cent per pound over the highest price charged during the basic period (May 8, 1942). The manufacturer's price of wool cloth has been allowed to increase by a specified amount (May 12, 1942). The price at which any manufacturer may sell wool carpets and rugs has been increased by a fixed amount over the prices charged during August and September, 1941 (May 12, 1942). The manufacturer of upholstered furniture has been permitted to increase his price by 3% over the price charged by him on August 1, 1941 (with certain reservations). Intermediate prices on various timber products have been adjusted by the Timber Administrator to enable producers to meet increased costs of cutting, logging, etc., incurred during 1941 - 42.

(i) Simplified Practice

To offset higher costs, the WPTB has been pressing its campaign for cost economies by means of simplification and standardization. In many cases, subsidies may be paid as an interim measure and conditional upon the institution of economies. A Division of Simplified Practice has been set up to assist manufacturers and the Administrators to eliminate "frills and fancies", to standardize designs and reduce them in number, to eliminate odd sizes and shapes, to eliminate extravagant marketing methods, etc. This programme is being introduced on an expanding scale. The products thus far af-

fected include bread, luggage, furniture, smoked cross pack fillets of fish, men's and women's clothing, paints and varnishes, and paper products. Curtailment of retail store deliveries to conserve rubber and limitations upon return merchandise have also tended to reduce the retailers' costs. (See also "Conservation of Supplies", pages 12-15)

(j) Domestic Subsidies

The burden of higher costs cannot always be entirely absorbed by the businesses concerned. Government assistance has been given to allow supplies to consumers to be maintained under the retail ceiling in the face of sharp advances in costs. After the "squeeze" has been shared-out as far as possible, the Commodity Prices Stabilization Corporation has approved subsidies to offset higher costs, in the case of raw cotton, shoe manufacturing, raw hides, leather imported for the manufacture of leather garments, tea, thirty-six kinds of domestic canned fruits and vegetables, and certain grocery items.

The case of certain grocery products illustrates the policy of the WPTB with respect to domestic subsidies. To ensure that replacement costs for a designated list of groceries shall be held to a level which is, on the whole, reasonable in relation to retail ceiling prices, Board Order No. 116 sets manufacturers' maximum prices at the highest prices charged during June 1941, instead of during the standard basic period, September 15 to October 11. To compensate manufacturers for this reduction, a subsidy will be paid by the Commodity Prices Stabilization Corporation. All subsidies are to be based essentially on proven need as it is not practical to investigate in advance what each manufacturer will require to maintain civilian supplies. The subsidy will represent the difference between the former maximum price and the new maximum price of each manufacturer for each product, but reduced by the amount by which the manufacturer's profits from his entire business, after taxes, are greater than his "standard profits" for the purposes of the Excess Profits Tax Act, after taxes paid in the standard period are deducted (in accordance with a formula described in a special statement). Because of their position, therefore, many manufacturers will not require or be entitled to the subsidy. This arrangement does not cover export sales nor sales to the Department of Munitions and Supply.

(k) Import Subsidies

Under the general terms of the WPTB's policy, higher costs on imported goods, even the cost incurred on those imports which provided the basis for the retail ceiling price, were to be covered by subsidy payments. In a later statement on import policy (January 1, 1942) a list of 37 categories of imports were excluded from eligibility for subsidy. These exclusions included both the few products which were exempt from the price ceiling, production goods products which find their way into war uses, and a number of goods which are considered to be non-essential. Some of these exclusions have been modified to allow the payment of subsidies on imports of earthenware and other sanitary ware, various leather products, florists' and nursery stock, bicycles, carpets and rugs. Lima beans and certain fabrics have since been added to the ineligible list.

Forms of application for subsidies are available for the use of importers. Payments have now reached a total of about four million dollars, the bulk of which has been disbursed in domestic subsidies, particularly in the milk subsidy.

(l) Government Purchases of Imports

The Commodity Prices Stabilization Corporation has met one especially difficult import situation by undertaking the task of purchasing Canada's entire requirements of currants and raisins from Australia. This is in accordance with the policy adopted by the WPTB of placing the responsibility for such purchases on the Corporation when war conditions necessitate government purchases of imports from abroad and where dislocation of normal sources of supplies and shipping conditions require special action to ensure continuity of imports. Especially is this so in cases which involve large individual amounts and substantial risks which private business might not be able to assume.

A problem in connection with imports of rice has been met by the appointment of a committee to control all imports of uncleaned or paddy rice into Canada, standardize packing, and supervise its distribution.

(m) Reduction of Import Duties

A second method of meeting difficulties arising over higher import prices has been the reduction of import duties. By Order-in-Council, dumping duties are no longer payable, and taxes paid in the country of origin are excluded from the value of the imports for duties purposes. The Wartime Prices and Trade Board may recommend the use of invoice value instead of "fair market value" in the country of import in calculating the value for duty and concurrence has been given such recommendations in several cases. (See also Control of Imports pages 22-23).

(n) Export Control

To maintain supplies on the domestic market it has been necessary to impose export control in a number of cases. Potatoes were brought under control when there was a sharp rise in domestic prices, and pulpwood, burlap and maple products, are among other commodities in which the control has recently become important. (See also Control of Exports, page 23).

3. CONSERVATION OF SUPPLIES

(a) General Restrictions

Supplies of certain consumers' goods have been restricted due to diversion of many basic raw materials, especially metals, to war production. The spread of war to many areas which were normal sources of supply has created acute shortages in materials for both civilian and war supplies.

Burlap and burlap products have been placed under strict control by the WPTB (March 24, 1942). The purpose is to allocate present stocks with the utmost efficiency because of the uncertainty of future shipments from India. Civilian uses of burlap are now restricted to bags for agricultural products, salt, chemicals, wool, and fish meal and the packing of beef, bacon, and frozen fish for export overseas. Brooms made from broom corn, and paint and varnish brushes have been regulated in respect to content, style, etc. The number of sizes of bags in which wheat flour is sold has been reduced from eleven to four; printing of brand names, trade marks and other designs are now restricted to the front or face of the bag.

The uncertainty of future shipments of pigs' and hogs' bristles from abroad has resulted in a Board Order regulating distribution of present stocks and fixing the percentage of horse hair to be used as a mixture with bristles in the manufacture of brushes (January 17, 1942). With a view to conserving materials and providing certain economies, the designs, patterns,

and styles of furniture have been strictly regulated (May 3, 1942). A similar Order applies to the manufacture of school furniture (May 9, 1942). Certain economies have been provided for in the Order simplifying the manufacture of caskets (May 18, 1942).

In order to conserve materials and avoid waste, the manufacture of papeteries has been regulated with respect to material content and packaging (Feb. 19, 1942). Students' scribblers, stenographers' notebooks, and paper napkins, are among paper items brought under the economy programme of the Board. Paperboard for the manufacture of set-up boxes and folding cartons has been restricted to 8 grades and calipers. Similar restrictions apply to the manufacture of shipping cases (April 24, 1942). Stocks of persons dealing in book, writing, bond, ledger or white specialty papers are restricted under a recent Administrator's Order (May 20, 1942). Under an Administrator's Order dated April 10, 1942, restrictions have been placed on wrappings for tobacco products. Packaging in general has been simplified and standardized (May 26, 1942).

The use of tung oil, oiticica oil, and perilla oil, important ingredients for the paint and varnish industry, has been limited to maintenance and construction projects of the Dominion Government. In addition, in the case of tung oil, its use has been restricted to inside and outside coatings of containers of food for human consumption (March 28, 1942). Another Order restricts the processing, use, and sale of natural varnish resins and all materials containing it. The production of dogfish liver oil has been closely regulated under a Board Order dated Jaunary 27, 1942.

In order to conserve metals and other scarce materials, the quantity of farm equipment, machinery and parts which may be manufactured or imported into Canada has been limited (Jan. 19, 1942). Water lift pumps, fittings, and replacement parts have been simplified and standardized (May 4, 1942). Telephone service in Canada is now subject to priority ratings with the armed services, producers of munitions and supplies of war, and other services and agencies related to the war programme. The control and regulation of telephone services has been placed with the Board's Administrator of Services. The purpose is to conserve metals and other materials, stocks of which have been affected by the war (April 7, 1942). The manufacturers of porcelain enamelled cast iron sanitary plumbing fixtures have adopted a programme for standardization of lavatories, baths, sinks and other sanitary fixtures (April 24, 1942).

Certain economies are being effected in the manufacture of cast iron soilpipe and fittings by simplification and standardization in production (May 4, 1942). The manufacture of vitreous china sanitary plumbing fixtures has been restricted to one colour (white) and to specified sizes, styles and classifications (May 13, 1942). The use of copper or brass in plumbing, heating and air-conditioning equipment and supplies has been severely restricted (May 20, 1942). The manufacture of metal venetian blinds has been stopped (May 4, 1942). Stock production sizes of carriage, machine, tire, countersunk head, elevator and step bolts, and lag screws, are being simplified and standardized (April 11, 1942). As a further means of conserving vital metals for war purposes their use is being prohibited for the manufacture, processing or assembling of a long list of commercial articles, household equipment, novelties, and containers of various kinds (April 29, 1942). An Order restricting to four the number of sizes of steel drums to be manufactured in Canada and limiting the painting of them to one colour was issued May 20, 1942. Britannia or white metal, used by the silverware, jewelry and kindred trades, was brought under control by an Order dated May 21, 1942.

Shortages of rubber and motorized equipment have led to curtailment of retail deliveries (March 26, 1942), and to control of taxicab services (March 31, 1942). Extensive regulations further curtailing deliveries, pick-ups, exchanges, refunds and sales on approval, have been made (April 20, 1942).

The Administrator of Services has been given broad powers in collaboration with the Wartime Industries Control Board over commercial motor transportation. He may regulate, control, restrict or prohibit the use and operation of any commercial automotive vehicle and prescribe rates, routes or loads, and control empty or "dead" running time (April 7, 1942). Zoning of the province of Ontario for the delivery of brewery products is provided for in an Adminstrator's Order, dated May 27, 1942.

Numerous restrictions have also been imposed on the use of tinplate in containers, notably tobacco containers which are to be packed more tightly, containers for frozen eggs, containers for paints and varnishes and, most important, containers for canned food stuffs. Uneconomical sizes of cans have been eliminated and the use of tinplate restricted to canning essential perishable foods of high nutritional value.

(b) Fabrics and Clothing

To ensure an orderly supply of Canadian and imported material for woollen cloth, the Wartime Prices and Trade Board has set up a special directorate in the Wool Administration to deal with the problems involved. In addition a separate corporation, Canadian Wool Board Limited, has been created to take over the entire Canadian wool clip for the duration of the war and for one growing year thereafter, to encourage domestic wool production by guaranteeing a stable market and fixed prices. Existing registered wool warehouses operated in 1941 will be used for grading and warehousing in cooperation with the Dominion Department of Agriculture under license by Canadian Wool Board Limited. Wool growers' associations, local dealers, agents, collectors and field men will serve as primary receivers, also under license. "The grower of wool will receive a proper price for his clip each season with fair and uniform charges for collecting, handling, grading and transportation. The new organization has been empowered to set prices for all grades and qualities of fleece and pulled wool and to determine the amount of charges or commission rates levied by any dealer or agent for services rendered."

A very important group of Administrators' Orders dealing with a wide range of clothing, is also concerned with the conservation of wool and other materials. They are designed not only to keep manufacturers' costs within the limits required to maintain the retail price ceiling (without impairing serviceability to consumer), but also to provide for the use of the limited supply of material, plant capacity and labour available in such a way that these will go as far as possible in meeting civilian needs.

These Orders provide in minute detail for the elimination of a great number of conventional but wasteful, or, in some cases useful but dispensible, features of clothing, and for limitations on the dimensions of garments and on the styles which are to be permitted. In general, styles which require "cloth-on-cloth", which have no special function in relation to wearability, or which are needlessly extravagant in the use of material, are no longer allowed. Some uses of material have been prohibited even though this means some loss of wearability or warmth to consumers because they require a disproportionate quantity of critical materials, particularly woollen goods. The restrictions and eliminations imposed very closely parallel those adopted in the United States and have many points in common with the basic characteristics of the British "Utility Clothing".

An especially difficult problem, that of substitutes for silk stockings, has been solved. Manufacturers had been carrying on experiments in new materials since December 1940 when imports of silk were first restricted. After a meeting of representatives of Canadian hosiery mills, standard types of rayon and mercerized cotton hosiery were established at retail prices which fall within the old normal price range for silk stockings of from 79¢ to $1.25 covering both branded and unbranded lines. Nylon stockings already had a ceiling price.

(c) Consumer Rationing

(i) Sugar

In its first rationing Order (Jan. 26, 1942), the WPTB fixed the sugar ration at three-quarters of a pound per person per week for household consumption. Persons in remote areas were allowed to buy several months' supply at a time so long as the consumption was kept within the amount of the ration. Special arrangements were made to release additional supplies of sugar at appropriate times for the purpose of home preserving and canning, and for maintaining supplies of sugar in the case of beekeepers (Feb. 5, 1942). Several Orders of the Sugar Administrator provided for a 20% cut in consumption by industrial users such as canners and preservers of fruits or vegetables, manufacturers of chocolates, biscuits, candy or other confectionery, makers of wine, soft drinks, ice cream, makers of bread, pies or cakes. Other industrial users of sugar were to limit their use of sugar to what they used for the same purposes in the corresponding quarter of 1941. Through processors of condensed milk, which is especially needed by the United Kingdom, are exempt, industrial users of condensed milk must count its sugar content as part of their sugar quota. The industrial use of sugar for exports to Britain and the British Empire, and under contracts with Department of National Defense or the Red Cross, are exempt from the rationing Order.

Effective May 26, 1942, previous Orders affecting sugar were consolidated and amended. The new rulings reduce the ration to half-a-pound per person per week. On and after July 1 no industrial user is to use in any quarter more than 70% of the quantity used by him in the corresponding period of 1941. The consumer rationing system has been an "honour" system in the sense that it did not involve the use of ration cards or coupons. In June, however, coupon rationing for sugar was announced effective July 1, 1942. There is to be no change in the weekly allowance, and additional sugar will still be available for preserving purposes provided vouchers are signed. Unless a resident of a remote district, no person may have on hand more than two weeks' supply.

(ii) Tea and Coffee

Effective May 26, 1942, tea and coffee are rationed to all consumers in Canada on the basis of the "honour" system. Consumption of leaf tea is reduced by at least one-half, and consumers are not allowed to purchase more than two weeks' supply at a time. The consumption of roasted coffee is reduced by at least one-quarter. Specific regulations apply to operators of hotels, restaurants, drug stores, clubs, canteens and other places serving refreshments to the public to "take all possible steps to avoid excessive use of tea and coffee".

4. WARTIME INDUSTRIES CONTROL BOARD

(a) Control of Civilian Production and Supplies

Within the Department of Munitions and Supply there are, as already indicated, twelve Controllers whose duties are to ensure that the materials or services within their respective jurisdictions are forthcoming for war needs in adequate quantities. Each of these Controllers is therefore endowed with broad powers appropriate to his particular functions. Each Controller exercises his powers in two respects - first to see that necessary productive facilities are expanded as far as possible; and second, to limit, and when necessary to prohibit, production for civilian use of those materials which are scarce in relation to war and essential demands.

It will be readily realized, however, that if the task of diverting production away from civilian and towards war use is to be accomplished in an effective and orderly manner and without unnecessary dislocation, a high degree of co-ordination of policy and procedure is necessary. Accordingly, since its reconstitution in August, 1941, the Wartime Industries Control Board has exist-

ed to promote such co-ordination and integration of the activities of the twelve Controllers and also to provide a centralized point of contact with other Governmental agencies dealing with related problems of price, export and import control.

The Board is structurally designed to facilitate such co-ordination. It is composed of the Chairman, who is also Assistant Deputy Minister in charge of Industrial Controls, the Assistant Deputy Minister in charge of Procurement (who is Chairman of the Departmental Production Committee), the Director General of the Priorities Branch of the Department of Munitions and Supply, the twelve Controllers, the Chairman of the Wartime Prices and Trade Board, the President of the Commodity Prices Stabilization Corporation and the Transport Controller, Department of Transport. The Board meets regularly for formulation of control policy and for discussion of specific problems in relation thereto. Through the office of the Chairman continuous opportunity is provided for discussion of proposed measures and for review of measures already in effect. No order of general application issued by a Controller is valid until it receives the consideration and signed approval of the Chairman of the Board, and if an Order involves the imposition of a production quota, the signature of the Minister of Munitions and Supply is also required. Further, any Controller's Order involving the fixing of prices must also be submitted to the Wartime Prices and Trade Board and signed, as concurred in, by the Chairman of that body. The net result of the regulations and procedure as above described is that measures initiated by any one Controller are not at cross-purposes with those of other Controllers, and that the whole control programme is kept in line with the basic objective, which is the effective mobilization of economic resources.

5. CONTROL OF RENTS

Rent control which had been applied in certain areas before the Maximum Price Regulations came into effect, was extended by an Order of the WPTB to all real property (other than farm land) and business premises throughout Canada (Nov. 21, 1941). In areas already subject to control, the maximum rentals fixed therein remain unchanged. The maximum rentals for housing and commercial accommodation elsewhere in Canada are to be those in effect October 11, 1941, and if no written or oral lease was then in force, the rentals under the latest lease since January 1, 1940. In the original Order and subsequent amendments, certain circumstances are specified under which landlords may be permitted to increase rents, and the tenant is also given security of tenure in that a landlord may only serve a notice to vacate for certain prescribed reasons. In the reorganization and decentralization of rentals administration each judge or acting judge of a country or district court was appointed as a rentals committee of one, except where rentals committees were already functioning, and Administrators of housing rentals, commercial rentals, and rental appeals were also appointed.

6. CONSUMER CREDIT RESTRICTIONS

Drastic restrictions on instalment sales by retail stores, and on operations of lending institutions in respect to instalment credit transactions, became effective October 14, 1941, by an Order of the Wartime Prices and Trade Board. The Order covered a wide range of consumer goods, prescribing down payments and setting limits upon the period over which instalment payments may be extended.

A new Order, effective December 29, 1941, dealing with a number of problems with which the Board had been presented in administering the original Order, placed further restrictions upon consumer credit buying. The Order clarified the distinction between cash and credit prices, and required a minimum carrying charge of $\frac{3}{4}$ of 1%. Credit advertising was brought under control, and control of loans was extended from loans of $1,000 and under, to all loans

of $1,500 and under. The trade-in value of an article, considered part of the down payment in the original Order, must be deducted, under the new Order, from the total price, and at least 1/3 of the remainder paid in cash. Different regulations apply to sales of automobiles and furniture. Definite control is taken over lay-away plans by the provision that goods may not be held longer than three months, and that the minimum down payment must be made before the article is delivered. Credit regulations for farmers and other primary producers were relaxed.

7. CONTROL BY LICENSING

Late in September the WPTB issued an Order requiring every person manufacturing or dealing in food, feeds, livestock, poultry, yarn, cloth, clothing, or footwear, to secure a license. The licensing plan was designed to provide the machinery for policing prices and for securing information necessary for the allocation of supplies in the event of shortages. The licensing officer for the Board who had been in charge of the plan which had already brought dealers in coal, hides, and leather under license to the Board was named Director of Licensing for the wider programme. Regional licensing directors were appointed for the nine provinces.

Under the authority of "Regulations Respecting Goods and Services in Time of War" (November 1, 1941), the licensing plan was extended to every person who sells any goods or supplies and any services subject to the Maximum Price Regulation. Since "the circumstances under which the original licensing Order was drawn were materrially altered by the adoption of the price ceiling", the Board decided to confine the licensing to a registration of all businesses or persons engaged in regular trade. The 200,000 persons or firms who had already received a license under previous licensing Orders of the Board were not to apply for specific licenses, but "all other business men who sell goods or supply any of the "ceiling" services, are to obtain a specific license by March 31, 1942". The licensing programme is regarded as particularly important in providing mailing lists of retailers, wholesalers, and manufacturers to whom the Board may wish to send Trade Bulletins and Administrators' Orders.

8. CONTROL OF WAGES

The present Wartime Wages and Cost of Living Bonus Order (P.C. 8253, October 24, 1941) is an extension of the Government's wartime wages policy as originally set forth in P.C. 7440, December 16, 1940. This Order, which was for the guidance of boards of conciliation, fixed basic wage rates at the levels then existing in all industries within the scope of the Industrial Disputes Investigation Act (such as railway transportation and coal mining), and its extension by P.C. 3495, November 7, 1939, to all industries engaged in war work. P.C. 7440 provided that sub-normal wages could be adjusted upward and that any further upward adjustment in wages should be by way of a cost-of-living bonus.

The Wartime Wages and Cost of Living Bonus Order (P.C. 8253 as amended) extends, with few exceptions, to all industries. The Order does not apply to employers in agriculture or fishing, or to hospitals, religious, charitable or educational associations on a non-profit basis, or any department or agency of any provincial government or any municipality. With regard to increases or decreases of wage rates the Order as amended provides that "no employer shall increase or decrease the basic scale of wage rates paid by him at the effective date (November 15, 1941) of this Order", except on written permission of the National War Labour Board, the central administrative agency established under the Order. This permission can only be given in cases

where the Board has found the "employer's basic scale of wage rates is low as compared with the rates generally prevailing for the same or substantially similar occupations in the locality--".

The Order makes the payment of a cost of living bonus mandatory for increases in the cost of living after October 1, 1941, subject only to the power of the National War Labour Board to determine that the employer is clearly unable to pay. Every employer who had been paying a bonus pursuant to P.C. 7440 had to increase it on or about November 15 by an amount based on the rise in the cost of living from the date of the Government's cost of living index number last used to determine the amount of the bonus up to October, 1941. Employers who had not been paying a P.C. 7440 bonus were to begin paying a bonus on or about February 15, 1942, on the basis of the rise in the cost of living index between October 1, 1941, and January 1, 1942, or on the basis of the rise in the cost of living for such other period as the National War Labour Board finds fair and reasonable. (No significant change was recorded in the cost of living index between October 1, 1941, and April 1, 1942). The amount of all bonuses will be increased or decreased regularly as of February 15, May 15, August 15, and November 15, in accordance with announcements to be made by the NWLB.

For each rise of one percentage point in the cost of living, the bonus will be: - (a) 25¢ per week for all adult employees and for other employees employed at basic weekly wage rates of $25.00 or more per week; or (b) one percent of their basic weekly wage rates for male employees under 21 years of age and female workers employed at basic wage rates of less than $25.00 per week. An employee who occupies a position up to and including the rank of foreman or comparable rank is within the provisions of the Order. The Order provides that any employer who violates any of its provisions or any direction of a Labour Board, shall be liable to a fine of from $100 to $5,000. Any payment of wages or bonuses in excess of the amounts prescribed shall be disallowed as an abnormal expense under the Income and Excess Profits Tax.

The National War Labour Board and Regional War Labour Boards established under the Order are charged with the duty of controlling basic scales of wage rates paid to employees up to and including the rank of foreman or comparable ranks, and of administering cost of living bonuses as provided in the Order. The Order further charges the NWLB with the duty of supervising the application of the requirements of the Government of Canada in respect of minimum wages (P.C. 7679) and of fair wages and maximum hours of labour in the performance of Government contracts. (The Fair Wages and Hours of Labour Act, 1935). For the purposes of administration, under the by-laws of the NWLB, employers are divided into two classes, national employers and regional employers. The National Board controls and directs the administration of the Order for national employers and will supervise the Regional Boards in the administration of the Order for regional employers. The Boards are composed of an equal number of representatives of employers and employees, with the Dominion Minister of Labour in the case of the National Board, and Provincial Minister of Labour in case of Regional Boards, as chairman of such Boards.

9. CONTROL OF SALARIES

An employee above the rank of foreman or comparable rank is subject to the provisions of the "Wartime Salaries Order" (P.C. 9298, effective November 7, 1941). This Order clarifies the more general requirements of P.C. 8253 in their application to salaried officials. The Salaries Order provides that no employer shall increase the rate of salary paid to a salaried official above the most recent rate established and payable on or before November 6, 1941. Salaries are defined to include bonuses and all other forms of income received from the employer. There are special provisions for dealing with the

promotions of salaried officials. It does not require the payment of a cost of living bonus, such as is required for wage-earners, and merely permits the payment of such bonuses to employees receiving less than $3,000 per year. The Salaries Order is administered by the Income Tax Division of the Department of National Revenue, which already has been scrutinizing salaries for income tax purposes.

10. WARTIME LABOUR CONTROLS

(a) Industrial Disputes Investigation Act

Apart from the matter of wages discussed above, wartime labour controls in Canada have been extended chiefly in two ways.

The first of these was in the extension of the coverage of the Industrial Disputes Investigation Act by making its provisions applicable to defence projects and to all industries producing munitions and war supplies. As this field of operation was enlarged at a time when war industries were expanding rapidly, supplementary machinery was set up by the establishment of an Industrial Disputes Inquiry Commission which was empowered to inquire into incipient disputes or disputes referred to it by the Minister of Labour, to settle them if possible and, failing settlement, to advise the Minister on the matters at issue and as to whether or not good grounds existed for the establishing of a Board of Conciliation and Investigation. It is also the duty of this Commission, under direction of the Minister, to examine allegations regarding discrimination against workers in war industries for trade union activity or coercion of workers into joining or refraining from joining trade unions.

In any case in which a Board of Conciliation and Investigation has submitted its findings to the Minister of Labour and certified copies have been delivered to both parties to the dispute, a strike is prohibited unless a strike vote has been taken under the supervision of the Department of Labour and unless a majority of those who, in the opinion of the Minister of Labour, are eligible to vote, vote in favour of a strike.

(b) National Selective Service

(i) Administration

The second line of control is through the development of a system of National Selective Service, - the selection of men and women for various forms of national service according to methods calculated to produce the most satisfactory results. While final responsibility for the allocation of man-power necessarily rests with the war committee of the Cabinet, the primary responsibility for the extended scheme of National Selective Service has been placed upon the Minister of Labour. Under the Minister of Labour, administrative responsibility for the direction and co-ordination of the policy is vested in a Director of National Selective Service and an Associate Director. The Inter-Departmental Committee on Labour Co-ordination made up of representatives of all departments directly concerned with making man-power available for war service and in the allocation of the available man-power assists in co-ordinating the functions of the various departments, in so far as they relate to the mobilization of man-power, and may advise the Director of National Selective Service on any matter relating to the development and administration of the Selective Service programme. Included in the membership of the Committee are the employer and employee representatives of the National War Labour Board. A National Selective Service Advisory Board consisting of the Minister of Labour as Chairman, the members of the Inter-Departmental Committee

on Labour Co-ordination, the full membership of the National War Labour Board and such other members as the Minister of Labour may designate is consulted by the Director and the Board advises him on any matter of major policy affecting employers and employees before any recommendation in connection therewith is made. A National Selective Service Officer is appointed or designated by the Director to act as his representative in each area assigned by the Unemployment Insurance Commission to a local employment and claims office. Appeals from decisions made by National Selective Service Officers may be made to the Appeal Board which is the National War Service Board, in the area in which the applicant resides.

(ii) Man-power Records

The Minister of Labour has been directed to maintain an inventory of employable persons. Under this authority all male persons are required to register at local employment offices of the Unemployment Insurance Commission whenever they become unemployed and all employers covered by the Unemployment Insurance Act are required to register all their employees, whether or not insurable, with the Commission. The National Registration Division of the Department of National War Services has been transferred to the Department of Labour.

(iii) Agricultural Employment

Employment in agriculture has been stabilized by regulations which provide that no man wholly or mainly employed in agriculture, as at March 23, 1942, may, without permission of a National Selective Service officer, enter any employment outside the industry except active service, compulsory military training, (in cases where it is established to the satisfaction of the National War Service Boards concerned that such persons are not essential workers in agriculture) or seasonal employment in other primary industries including lumbering, logging, forestry, fishing and trapping.

(iv) Control of Employment

Under authority of the Control of Employment Regulations, 1942, the Director of National Selective Service has issued a first Order providing that every employer shall notify a local employment office whenever a vacancy occurs, or additional staff is required, or a layoff is anticipated and that, subject to a few exceptions, employers may hire only persons referred to them by a local employment office or persons whose engagement is approved by a National Selective Service Officer. Appeals from decisions of National Selective Service Officers may be made to the National War Services Board.

The Order is not applicable to the following employments or classes of employees: agriculture, fishing, hunting or trapping, scientific and technical personnel, provincial employees, domestic servants, students (except during the long summer vacations), part-time subsidiary employments, and casual employment for less than three days a week. No approval is required for the reengagement of a former employee by an employer within fourteen days after the employee last worked for him, nor immediately after a period of sickness or an industrial dispute, nor upon reinstatement after military service.

(v) Wartime Bureau of Technical Personnel

Early in 1941, with the aid of the professional engineering societies, there was established in the Department of Labour a Wartime Bureau of Technical Personnel to organize the placement of technically qualified persons such as engineers, chemists and others in war industries and in the technical branches

of the armed forces. Definite control of the engagement and the distribution of such persons has now been established. Under regulations at present in force, if, at the request of the Minister of Labour, a person having certain specified qualifications of a scientific nature is willing to transfer to more essential work, his present employer, regardless of existing contract, is obliged to release him and to reinstate him when the essential work is completed. All contracts of employment of persons in the classes designated require the approval of the Minister of Labour and the Director of the Wartime Bureau of Technical Personnel must be notified when such a person desires to enter into a contract of employment, when an employer wishes to engage such a person, and when the employment is terminated.

(vi) No Solicitation of War Workers

Employers are prohibited from endeavouring to entice to their service by advertisement or other form of solicitation persons who are already engaged in the production of munitions, war equipment and supplies. Coverage of this prohibition is applicable to all the industries, including civilian companies engaged in the British Commonwealth Air Training Plan, now covered by the Industrial Disputes Investigation Act.

(vii) Deferment of Military Training

Regulations make possible the deferment of compulsory military training of certain classes of skilled workers and recruiting policy has been shaped to prevent the absorption into the armed forces of key men required in industry. Postponements of training are not good for more than six months but are renewable. The calling up of men for compulsory training and service is a responsibility of the Department of National War Services.

(viii) Seamen

Disciplinary measures and controls are in effect for persons lawfully engaged to serve on a ship belonging to, or chartered or requisitioned on behalf of His Majesty, who, in Canada, desert their ship; for alien seamen who desert their ship or otherwise interfere with its proper operation or who attempt to induce other alien seamen to do so; for seamen on ships of any registry except that of the United States and of any other country the Governor General in Council may designate and for seamen assigned to manning pools.

(ix) Loading Operations at Halifax

A new system is now in effect in connection with the organization of ship loading at the port of Halifax. This system aims to reduce the turn-around time of merchant ships and the decasualization of the employment of persons engaged in loading and unloading of ships at Halifax. A general Controller, assisted by a technically qualified Port Loading Superintendent, has been appointed to co-ordinate all loading operations and with the co-operation of a joint committee representing employers and the union will work out a plan which includes engagement through a central agency and assignment of gangs in rotation to provide an equitable division of work and a proper distribution between day and night work.

(x) Training Programmes

As a means of maintaining an adequate supply of workers with some degree of training for war industries and for certain requirements of the armed forces, a War Emergency Training Programme has been established in co-operation with the provinces for the training of persons for skilled and semi-skilled occupations relative to war work.

The Department of Labour is co-operating with Universities in providing training in personnel management, preference being given to applicants already employed in war industry and nominated by their employers. The instructors will be chiefly experienced personnel men.

Assistance to Universities is being given for the purpose of increasing the available number of doctors, dentists, engineers and scientists in co-operation with the Governments of seven of the Provinces. A fund has been provided on the basis of equal expenditure by the Dominion and the Province to assist deserving and needy students (other than first year students) in the faculties above mentioned, who agree to make their services available to the national war effort. A further fund provided solely by the Department of Labour is being made available as a loan fund to students attending Universities in the two provinces not co-operating in the former plan. The latter fund will also be available to help compensate Universities for additional expense incurred by the speeding up of courses in medicine and dentistry through shortening of the summer vacation.

In order to assist in meeting the shortage of farm labour in Ontario an agreement has been entered into between the Federal Government and the Government of the Province of Ontario under which the Federal Government renders financial assistance to the Province of Ontario in recruiting and placing such labour.

11. CONTROL OF IMPORTS

(a) Restrictions

Canada's inability to convert surplus sterling assets into United States dollars led to a severe shortage of "hard currency" early in the war. This necessitated curtailing non-essential imports from the United States and other non-Empire countries, while encouraging imports from sterling areas. The War Exchange Tax (June 25, 1940) provided for a 10 per cent tax on the value for duty of all imports from non-Empire countries and the War Exchange Conservation Act (December 2, 1940) prohibited the import of a long list of consumption goods which were regarded as non-essential or which could be obtained from within the sterling area in sufficient volume to meet essential requirements. In addition, the Act made certain other products (Chiefly cocoa beans, bananas, peanuts, raw tobacco, petroleum, business machines, trucks, buses, hardwood, raw furs and silk) subject to import license. These measures were supplemented by high excise taxes on many of the durable consumer goods affected (automobiles, radios, refrigerators, etc.), the main purpose being to discourage expansion of their manufacture in Canada as imports were eliminated or curtailed.

The principle underlying all restrictions is that war production must be facilitiated, rather than hindered, by the controls adopted. Officials of the Department of National Revenue, who administer the War Exchange Conservation Act, maintain close contact with Controllers and Administrators regarding import requirements. Imports of certain products (wool, sugar, etc.) have been specifically placed under the control of Administrators and in the case of machine tools and certain strategic materials (silk, rubber, etc.) imports are largely channeled through government-owned companies. Finally, increasing integration of the priority systems of Canada and the United States and the recent formulation of import shipping priorities, in order to reserve limited shipping space for the most essential requirements, represent other important aspects of war-time import restrictions.

(b) Subsidies and Tariff Adjustments

The War Exchange Conservation Act facilitated imports from the United Kingdom. Duties on United Kingdom cottons, artificial silks and certain other goods were removed and (on April 30, 1941) imports from the United Kingdom were allowed discounts from the British Preferential Tariff of 25 per cent on woollens, boots and shoes and 50 per cent in the case of almost all other goods, except liquor. These tariff adjustments tended to counterbalance restrictions against certain imports from the United States and to help British importers overcome the disadvantage of rising production and transportation costs, while at the same time enabling Canada to utilize some excess sterling balances. The imposition of the retail price ceiling on December 1, 1941, necessitated further measures of this type to ensure a continued flow of essential imported goods for sale in Canada. The Wartime Prices and Trade Board assured importers that where necessary, in view of the rising prices abroad, assistance would be provided to them either directly, by subsidies provided through the Commodity Prices Stabilization Corporation, or indirectly, by reduction in duties and taxes on imported goods, to enable the price ceiling to be maintained. As preliminary measures, on December 19, 1941, all special or dumping duties on imported goods (except fresh fruit and vegetables) were removed. Also the Minister of National Revenue was authorized to accept export selling prices as the basis of valuation for duty purposes in cases where such action is recommended by the Wartime Prices and Trade Board with the concurrence of the Minister of Finance.

12. CONTROL OF EXPORTS

On April 8, 1941, by Order in Council P.C. 2448, the Government withdrew authority from Controllers, Administrators and other Government Departments to issue Export Permits for the export of Canadian materials and instead centralized this function in an Export Permit Branch, in the Department of Trade and Commerce.

At the present time, practically all of Canada's exports are under some form of export control, either by reason of destination, or because of the supply position. In many instances, products have been added in order that Canada may not be used as a "back door" for products that are allowed to be exported freely from the United States to Canada.

Export Permit applications are sent to the Export Permit Branch, which submits copies for examination by Controllers, Administrators, and others who have been especially appointed, or who are mainly concerned with conserving supplies of a particular product or products. The Controllers and Administrators consider the applications chiefly from the point of view of supply, both for Canada's own war requirements and those of her Allies, and for Canada's civil requirements. If the export of the product in question is approved by the Controller or Administrator concerned, the Export Permit Branch is notified accordingly. Assuming that the consignee and country of destination are in order, and that the shipment is in accordance with any quota that may have been set, the application is finally approved by the Export Permit Branch and a Permit is issued accordingly. An application may be submitted to two, or even three authorities before a Permit is eventually granted.

13. PRIORITIES

Although the machinery is available for use, if required, to put into operation an automatic formal priority rating system, to date all priority matters have been handled by the Controllers or by the Priorities Branch of the

Department of Munitions and Supply through direct negotiation with suppliers on what might be termed an informal basis. This so-called "informal basis," however, does not mean a lack of control and direction. The effect of the system of priorities based on direct negotiations with suppliers is that, in Canada, a priority is generally an allocation of specific output with relative assurance of delivery when required.

The successful operation of a priorities system on the foregoing basis requires an internal understanding of the relative urgency of war requirements. Therefore, a broad classification of industries and projects has been drawn up dividing them into various categories, depending on their relative importance in the national war programme. This classification was determined with the assistance and advice of an informal advisory committee, composed of representatives of the Departments of National Defence, Finance, National Revenue, Munitions and Supply, and Trade and Commerce, and the Foreign Exchange Control Board. The broad classification is used to determine the priorities in order of their importance between war, essential, and civilian demands.

In addition to the broad classification referred to above, a breakdown or sub-classification of the A-1 category (direct war programme) was prepared and agreed to by the Inter-Service Priorities Committee and the Priorities Officer. It has also been approved by the Chiefs of Staff Committee and by the Defence Council. The preparation of this sub-classification was based, to a great extent, on the presently known demands of the United Kingdom authorities, as indicated in their representations to Washington. It is considered that these bear close relationship to the order of urgency of the war requirements for the Canadian services. This list operates as an effective guide to the Priorities Officer in the execution of his duties.

Since Canada depends on the United States for many of its requirements of materials, supplies and equipment, it has been found expedient to fit contract demands on that country into the United States priorities system. Accordingly, under an arrangement authorized by the President in April, 1941, the War Production Board, on receipt of applications in the requisite form, assigns preference ratings to Canadian prime contracts, whether placed in Canada or in the United States, and permits the extension of the respective ratings to sub-contractors and their suppliers in the United States.

Through another type of application preference ratings can be obtained by Canadian firms who require from the United States materials or equipment which cannot be directly related to the war programme and which cannot be secured in Canada.

United States preference ratings may also be assigned in other ways. A project rating, for example, may be issued to cover materials for a new plant or a plant extension, and is used to obtain delivery of only those materials specified in the application. The Production Requirements Plan is designed to give priority assistance to manufacturers who must secure their materials in advance of actual orders. Under this plan one or more priority ratings are assigned to three months' requirements of materials at a time, the ratings depending on the extent to which the manufacturer's product is used in the direct war effort or in essential services.

To meet special requirements in various classes of industry and services, numerous Preference Rating Orders have been issued in the United States, mostly for the purpose of providing blanket preference ratings for the delivery of maintenance and repair materials and operating supplies. Since a recent change in policy permits Canadian firms to apply for inclusion in the benefits of Preference Rating Orders, Canadian industry can now be said to be on a basis of parity with United States firms in the United States Priorities System.

14. WAR SUPPLIES

(a) Iron and Steel

A Steel Controller was appointed in June, 1940, and in July the prices of iron and steel were stabilized.

Before the war, Canada had a steel capacity of 1.8 million long tons. The capacity and rate of production will be increased to over 2.7 million long tons by the middle of 1942. Despite this impressive increase in capacity, steel required in 1942 for direct and indirect war purposes and for vital industry will be greatly in excess of Canadian output. It is hoped that the shortage in these most essential categories will be met, in part, by importations from the U.S.A. The over-all situation, however, requires the most careful conservation of steel through substitution of other materials wherever possible, and through postponement of civilian projects and limitations in civilian uses involving the consumption of steel.

As an initial measure to conserve steel, the Controller instituted informal preferrence classifications. This allowed essential industries to obtain steel, but the shortage subsequently became so acute that in August, 1941, steel mills were instructed to deliver steel in certain forms to essential war industries only (with a few obvious exceptions), unless otherwise authorized by the Steel Controller. Further control is now exercised through the submission of rolling schedules of mills for approval of the Controller, and prohibition of any rolling or shipments which have not received this approval. In December, 1941, the use of new or second hand structural steel for new buildings, container tanks, bridges and the like was made subject to the permission of the Controller. Steps have been taken to increase the efficiency of the steel industry as a whole. For example, structural steel shapes have been standardized and reduced in number from 267 to 70.

The use of pig iron has been closely restricted. On June 9, 1941, all orders for pig iron were cancelled and from that time all orders have had to be forwarded to the Steel Controller for approval on a preference basis.

Maximum prices for various grades of steel and iron scrap have been established throughout Canada on a basing point system. These prices have been designed to promote the orderly movement of scrap to consuming centres.

The sale and use of the principal forms of stainless steel and stainless iron were restricted on May 5, 1942, to war contracts specifying its use.

Apart from the operations of the Steel Controller, the civilian use of steel has been limited by the operations of the Construction Controller, the Machine Tools Controller, the Motor Vehicle Controller, the Controller of Supplies and various Administrators under the Wartime Prices and Trade Board.

(b) Non-ferrous Metals

The supply, distribution and use of all non-ferrous metals, industrial minerals and common metal alloys are administered by the Metals Controller, under P.C. 3187, July 15, 1940. Canada is a large producer and exporter of the principal base metals - aluminum, copper, lead, nickel and zinc. All copper and zinc, in excess of domestic requirements, are under sales contract to the United Kingdom. In addition to the above metals, Canada produces appreciable quantities of other metals and minerals, including antimony, arsenic, asbestos, cadmium, cobalt, fluorspar, magnesite, mercury, mica, pyrites, radium salts, silica, sulphur and ferro-alloys.

Control of non-ferrous metals and minerals is exercised primarily through the restriction of exports and the curtailment of domestic consumption for non-essential uses. Even in cases where Canada has large supplies available for export, restrictions are imposed on non-essential domestic use in order that the largest possible quantities of the metals involved may be made available for the over-all war needs of the allied nations.

Control policies as applied to domestic consumers of metals and minerals may be briefly outlined as follows:

(i) Aluminum

In Canada, there is one producer and distributor of aluminum. Output of aluminum has been increased very substantially and every effort is being made to effect further increases in production. The principal steps taken by the Metals Controller's Office in controlling the distribution of aluminum include banning the use of this metal for electrical conductors, for the manufacture of cooking utensils and aluminum foil other than for essential war needs. The use of aluminum powder is being strictly rationed as are all other applications of this metal for non-essential uses. In the steel industry, aluminum has been eliminated as a deoxidizer in the production of shell steel. For ordinary steel deoxidizing low grade aluminum has been substituted for virgin. In July, 1941, control and curtailment were extended to secondary and scrap aluminum.

(ii) Cadmium

Supplies of cadmium are made available only on allocation by the Metals Controller. As from June 1, 1942, all orders for cadmium must be submitted for the approval of the Controller.

(iii) Copper and Brass

Regulation of brass and copper was instituted in July 1941 by the Metals Controller through the surveillance of export applications and through informal understandings with principal producers and fabricators. Control of domestic consumption was effected primarily through restricting the deliveries of primary copper to fabricators. In November, 1941, the use of copper and copper alloy products was reduced to 60 per cent of the average requirements for 1937, 1938 and 1939. Metal for direct war work was not included in the quota. The use of copper, brass and bronze in the manufacture of a number of items such as copper roofing, memorial plates and miscellaneous builders' hardware items, water tubing and pipes for many domestic and commercial applications has been prohibited.

On March 1, 1942, all sales of virgin copper were made subject to permit by the Metals Controller. On March 9, all trading in copper, brass, bronze and other copper alloy ingots was placed under direct control with a permit required from the Controller to authorize the release of any metal.

The production of copper wire has been placed on a quota basis, and sale to other than a limited list of war essential industries prohibited except under direct permit by the Metals Controller.

Effective June 1, direct allocation was extended to cover also wrought copper and copper alloys, orders for which must now be submitted for the Controller's approval before being placed with the supplier.

(iv) Magnesium

The available supply of magnesium in Canada is reserved strictly for essential war uses. After meeting the requirements of Canadian industry

for the production of aircraft alloys, the balance of the supply is used to produce flares, shell fillings, night bombs, and other war needs. Plans are now under way for the construction of a magnesium producing plant in Canada.

(v) Nickel

The principal producers and distributors of primary nickel in Canada, under direction of the Metals Controller, have taken steps to exercise strict control over the domestic consumption of the metal. The domestic consumption in other than war needs has been reduced to a very small part of total production. Control steps included a general priority allocation of nickel and nickel bearing alloys; reduction in the amount of nickel available for nickel plating; and prohibition of the use of nickel for the production of nickel-silver except where this material is essential on certain war orders.

(vi) Tungsten

In cooperation with the Bureau of Mines efforts are being made to locate new sources of tungsten and increase the limited output of known occurrences. A Government stockpile of ferro-tungsten has been built up to meet essential war needs.

(vii) Tin

Conforming with steps taken in the United States during the summer of 1941, the weight of tin coating used on tin plate for most purposes was reduced by 10 per cent. Following the outbreak of war in the Pacific all stocks of tin were frozen. Releases of tin are granted only after securing permission from the Metals Controller. By this measure, all non-essential uses are being eliminated, including the use of tin plate for cans and containers for a large number of food and other products. A considerable reduction of the tin content of solders, babbits, bearing metals and bronzes has been effected and further steps in this direction are under way. A Government stockpile of tin has been built up to meet essential needs.

(viii) Zinc

The output of the two primary zinc producers in Canada is handled by one selling agency working in close conjunction with the Metals Controller. During May, 1941, initial steps in the control of domestic consumption of zinc included a reduction in the amount of zinc available for civilian die casting, galvanizing, dry battery cell manufacturers, and zinc oxide for use in the paints, congoleum rubber and cables industries. Lithographers and photo-engravers were subsequently placed on a quota. Galvanizing of steel pipes has been confined to certain sizes and galvanizing of drainage fittings prohibited except for war purposes. The manufacture of dry batteries for portable radios has been prohibited and zinc may not be used for flashings on buildings, terrazo spacers and decorative strips (except for hospital operating rooms and X-ray rooms). The use of zinc in the manufacture of cosmetics has also been prohibited.

Advisory Committees

Note: Many of the control measures outlined above have been made effective through the co-operation of the industries concerned. In this connection, a number of advisory committees representing manufacturers, distributors and consumers of metals and mineral products have been set up by the Metals Controller. These include a Tin Committee; Zinc Oxide Committee; Lithographers' Metal Committee; Photo-Engravers' Metal Committee; Gas Welding Non-Ferrous Metals Committee, Lock, Builders' and Cabinet Hardware Metals Committee and Jobbers' and Distributors' Committee.

A War Metals Advisory Committee has been created to advise the Controller with respect to the increased production of strategic metals and minerals.

(c) Chemicals

The Controller of Chemicals has jurisdiction over the supply and distribution of chemicals in Canada. In general, all chemicals manufactured in Canada, as well as those which in pre-war years were imported in adequate quantities from the United States or the United Kingdom, are now in short supply. Ethylene glycol, solvents for lacquers, etc., come within the latter category. Formaldehyde is also very tight, and all materials used in the plastic industry are scarce. Coal tar chemicals are similarly difficult to obtain. Toluol in Canada has been rationed for some time due to the demand for explosives, and no civilian manufacturer can obtain a supply. Glycerine is scarce, and hostilities in the Far East have rendered uncertain the supply of vegetable oils which are the principal raw materials for this important product.

Wherever possible, steps have been taken to increase domestic production of essential chemicals, while through orders and voluntary arrangements, civilian uses have been curtailed. Formal Orders of general application issued by the Controller of Chemicals include the following:

(i) Alcohol

Early in 1942 steps were taken to control the sale and distribution of denatured alcohol. By an Order of the Controller dated January 8, persons buying denatured alcohol directly from a maker of the product are required to obtain a license from the Controller, and sale by makers is prohibited except to persons holding such licenses. With respect to any person other than a maker, limitations have been placed upon stocks of denatured or specially denatured alcohol which such persons may have on hand or on order.

Concurrently, an important raw material used in the manufacture of industrial alcohol, namely "molasses not intended for human consumption, including final can Blackstrap molasses, high test molasses and sugar beet molasses" was declared a chemical by the Minister of Munitions and Supply, and so brought within the jurisdiction of the Controller of Chemicals. In May, 1942, bydrol (corn sugar molasses) was also declared a chemical by the Minister.

(ii) Bakelite

On November 14, 1941, phenol formaldehyde resins (bakelite), and urea formaldehyde resins (a plastic similar to bakelite) were, by Ministerial Order made subject to the jurisdiction of the Controller of Chemicals. Subsequently, by Order of the Controller dated November 27, the colour range in which bakelite moulding compounds may be manufactured was reduced from over six hundred colours and shades to fifteen. Products involved are buttons, novelties, office desk equipment and a wide range of similar plastic articles. Compounds of the phenol formaldehyde condensation type for special products involving chemical resistance to corrosion were limited to two specified colours. This Order, designed to promote more efficient use of limited plant facilities, resulted from the increasing demand for bakelite resin used in the manufacture of shells. On February 3, 1942, the use of bakelite or urea formaldehyde resins in the manufacture of radios, radio-phonograph combinations, or parts, was prohibited except under permit by Controller.

(iii) Chlorine

In order to release chlorine for the expanding requirements of war

industries, the use of this chemical as a bleaching agent in pulp manufacture has been curtailed. The original curtailments were imposed under an Order dated September 22, 1941, but subsequently, on November 27, stricter limitations were imposed.

The Controller's Order, as revised, provides that for the purpose of bleaching rag stock, no pulp or paper manufacturer shall consume, in any quarter commencing December 1, 1941, a greater amount of chlorine per ton of rag stock treated than 80 per cent of his consumption per ton in the six months ended July 31, 1941. For the purpose of manufacturing semi-bleached wood pulp, the equivalent chlorine consumption figure on the same basis is limited to 70 per cent.

The Order sets a maximum brightness limit of 74 for bleached sulphite and bleached sulphate pulps, as against 76 in the previous Order, while the similar brightness limit for soda pulp and for waste paper when used for conversion into bleached papers is set at 70 as against the previous limit of 74. The use of pulp bleached with chlorine is prohibited with respect to a specified list of groundwood, kraft and specialty papers and paper board. Exempted from the Order are High Alpha, dissolving and nitrating pulps, and pulps used in the manufacture of photographic base papers. Chlorine used for bacteriological purposes is also exempt.

The Order prohibits any change from the proportions of bleached, semi-bleached and unbleached pulps which obtained on June 16, 1941, in the making of any specific grade of paper or paper board for the purpose of evading the restrictions of the Order or to establish competitive advantage. It is also provided that no person shall increase the brightness of any paper or paper board beyond that in effect at the date of the Order.

(iv) Coal Tar

On February 25, 1942, an Order of the Controller prohibited the dealing in and use of coal tar intended for road construction or repair except under permit. Coal tar is needed for the making of pitch, used for relining the furnaces in aluminum plants and for the manufacture of electrodes for war industries.

(v) Glycerine

As from October 1, 1941, consumption and dealing in refined or crude glycerine as anti-freeze or for the purpose of making anti-freeze has been prohibited. From the same date the sale of crude glycerine is prohibited except to such persons as the Controller may designate, while no person making refined or dynamite glycerine may deal in same except under a permit issued by the Controller. Concurrently, the export of glycerine and the import of refined glycerine were placed under license, while as of September 30 all then existing contracts for the sale of glycerine were cancelled, except with respect to glycerine actually delivered or shipped on or before that date.

The Order of October 1, 1941, generally restricted civilian consumption of, and dealings in, refined glycerine, except for the manufacture of explosives, to 70 per cent of the amount so consumed or dealt in, in 1940. As from February 1, 1942, these general restrictions have been made more severe, and certain specific prohibitions have been imposed, viz.:

Except for the manufacture of explosives, no person shall now consume or deal in more refined glycerine in any calendar year commencing February 1, 1942, than 40 per cent of the amount of refined glycerine consumed or dealt in by him during the calendar year 1940. In addition, the use of glycerine in confectionery and carbonated beverages and food products is specifically prohibited. Finally the Order provides that no person shall consume or deal in refined glycerine for the purpose of making any product in which it is possible to use a substitute for refined glycerine.

(vi) Lacquers, Aeroplane and Other Dopes

By declaration of the Minister of Munitions and Supply under date of November 14, 1941, "lacquers, aeroplane and other dopes and similar products manufactured from nitro-cellulose" were designated as "chemicals" and were thereby brought within the jurisdiction of the Controller of Chemicals. Subsequently, the importation of some thirty chemicals used in the manufacture of quick drying lacquers for automobiles and furniture was made subject to permit by the Controller. This move was not made with the intention of stopping the importation of these chemicals, but rather to provide an automatic means of indicating the extent, in detail, of their importation, and the uses to which the chemicals concerned are being put.

(vii) Spent Lye

On April 13, 1942, the concentration, treatment or disposal of spent lye, except in accordance with instructions issued by the Controller was prohibited. Spent lye is a source of glycerine.

(d) Machine Tools

The Machine Tools Controller has wide powers to buy, acquire, distribute, sell, exchange, and generally deal in machine tools. He also has power to take possession of any machine tool owned by corporations or individuals. He may fix maximum and minimum mark-ups, issue permits and licenses, secure information, and generally exercise wide authority. Most of the machine tools bought for the war program are financed by the Dominion Government. These are bought through a Government-owned company, Citadel Merchandising Company. Privately-owned machines may be bought direct, but no purchases, sales, or transfers can be effected without the authority of the Machine Tools Controller.

Exports of machine tools can be effected only under license.

Orders for gauges and cutting tools to be supplied from outside Canada may be placed only after being approved by the Controller.

In November, 1940, the Machine Tools Controller prohibited the production of new models of refrigerators, stoves, furnaces, washing machines, typewriters, and similar equipment which required re-tooling, although application may be made to the Controller for slight alterations in design which will not require substantial changes in machinery. Production of such durable goods has also been reduced by heavy excise taxes, and by direct curtailment.

Machine tools bought on Government account are under the direct control and supervision of the Machine Tools Controller. Inspection is carried out to see that these machines are being used to their maximum effectiveness.

Although Canada has increased machine tool production some 800 per cent, about four-fifths of its requirements must be imported from the United States. This necessitates close co-operation between the Machine Tools Controller and Washington officials and in practice such co-operation has been very satisfactory.

15. TRANSPORTATION

(a) Shipping

(i) Canadian Shipping Board

Immediately upon the outbreak of the war, all Canadian merchant shipping was brought under Government control and during the intervening period

this industry has felt as much as any other the curtailment and sacrifices demanded in the national war effort.

On September 5, 1939, the Canadian Ship Licensing Board was established, and it was provided that all Canadian merchant vessels of over 500 tons engaged in foreign trade could undertake no voyage without obtaining a license. The purpose of this was to ensure that such small merchant marine as Canada possessed would be employed to greatest advantage in the prosecution of the war.

In December, 1939, the Canadian Shipping Board was established and the Ship Licensing Board was incorporated in it. The Board was given wide general powers over all Canadian shipping and in the spring of 1940 it issued Orders under which no Canadian person, private or corporate, could purchase or charter any vessel exceeding 500 gross tons without the approval of the Board's Director of Shipping.

The Board's charter control was used as an instrument for co-operating with the British Ministry of War Transport, especially in the latter's early efforts to place a ceiling on soaring charter rates, and, as from August 1, 1941, more stringent ceilings on these rates, similar to those established by the United States Maritime Commission on the same date, were put into effect. The co-operation of the United States in this field has been of great assistance in curbing the wartime inflation of shipping rates.

On the 20th of January, 1942, the Board issued a new schedule of time charter rates materially reducing those of August 1, 1941. Parallel action was taken by the United States Maritime Commission.

The system of Ships' Privilege Licenses, introduced to parallel and supplement the British Ship Warrant System, gave the Board power to deny facilities at Canadian ports to vessels which fail to co-operate in the allied war effort. This control is administered through the Department of National Revenue and the Collectors of Customs at the various ports.

One of the chief functions of the Board is to obtain ships and space in ships to service Canada's essential overseas trade. Until recently, in the absence of any Canadian agency to decide on shipping priorities, the Board had in large measure to assume the responsibility of deciding which materials should be granted shipping space available, and in what order.

On October 31, 1941, the Shipping Priorities Committee was created, and the Board now allocates shipping space on the basis of the priority ratings given by this Committee, which in turn bases its decisions and formulates its requests to the Board on the reports and representations received from the various commodity Controllers and Administrators of the Wartime Industries Control Board and the Wartime Prices and Trade Board.

The following brief notes will indicate something of the contribution which Canadian shipping has made to the war effort:

(a) All steamship services out of Canadian ports with the exception of those to the United Kingdom have been badly depleted and in some cases entirely denuded of vessels. This was due partly to the requisitioning of British ships by the British Ministry of War Transport and partly to the fact that the largest vessels on the Canadian register were turned over to the United Kingdom Government for special war services.

(b) Practically all of Canada's sea-going merchant marine has been placed in war service, and an appreciable number of its vessels have been lost.

(c) Apart from ocean-going vessels a large number of Canadian canal-type inland navigation vessels have been sent across the Atlantic for service in the United Kingdom.

(d) A considerable number of this type of vessel have also been converted and directed by the Board to deep sea work, carrying essential materials for Canadian war industries and construction materials to such regions as Newfoundland for defence projects.

(e) An appreciable number of Upper Great Lakes vessels were withdrawn on direction of the Shipping Board from the carriage of Canadian cargoes and allocated to assist in the movement of American Lake Superior ore during the 1941 navigation season. A similar arrangement to carry a larger quantity of American ore has been made for the 1942 season.

(f) Arrangements were made by the Board to withdraw, if necessary, every serviceable canal-type vessel capable of deep sea work from the Great Lakes during the winter of 1941-42, and a large number of these were allocated, in collaboration with the United States Maritime Commission, for American coastal service.

(g) Smaller Canadian vessels, such as salvage vessels and towage tugs, have been or are about to be withdrawn by the Board from Canadian service and sent across the Atlantic to the United Kingdom.

(ii) Ship Repairs and Salvage

It is the duty of the Controller of Ship Repairs and Salvage to see that Canadian ship repair facilities are adequate and that they are put to the most effective use from the standpoint of the war programme. To this end the Controller gives priority at all times to naval repairs and repairs to merchant vessels engaged in services essential to the war programme. With respect to merchant shipping, major damage repairs which will tie up a drydock for several weeks are sometimes held up until routine drydockings are carried out on several vessels, the object being to make available the greatest volume of tonnage for loading cargo. Salvage operations are directed to assure that ships may be restored to service as speedily as possible and their cargoes recovered.

(b) Transport

Transport of exports which will involve an ocean shipment require a permit before they can be moved by Canadian carriers. These permits are issued by the Transport Controller under the direction of the Minister of Transport. In conjunction with the British Ministry of War Transport, the Controller also provides the necessary cargo space on vessels controlled by the British or Allied Governments, and acts as shipping representative for government departments and the Armed Forces on the movement of cargoes to seaboard and delivery to the ocean ship.

While the Transport Controller also has authority over the purely domestic movement of goods, permits are only used in cases of rush or important shipments, but the Controller's duties include arrangements with the railroads for special rates and stop-offs, storage, etc., on war materials and supplies.

For special movements, including those of troop personnel, in the Western Hemisphere, the Transport Controller charters and engages ships or makes necessary arrangements. In addition, the Controller's responsibilities include the granting of priorities at National Harbour Board facilities.

He is also an ex-officio member of the Canadian Shipping Board and generally acts as transport advisor to government departments and agencies.

The Transport Controller's duties also include the administration in Canada of regulations issued by the 'Office of Defence Transportation of U.S.A.' covering Port Control, whereby block permits are required for all exports through certain designated U.S.A. ports.

(c) Transit Facilities

A Transit Controller was appointed in August, 1941, with powers of control over agencies transporting passengers for hire, including taxis, tram cars, buses and ferries. He has the power to issue and cancel permits or licenses and to fix schedules of fares or rates. He may also regulate the parking of vehicles.

The Transit Controller is further empowered to stagger working hours in order to relieve transportation congestion. He may accordingly order any employer to arrange or alter the hours of employment of his employees in order that such numbers of employees as the Controller may fix will, as far as possible, arrive or depart from their places of employment at such times as may be directed. Plans for staggering of hours of employment in a number of key centres have been drafted and "staggered hours" have already been introduced in a number of the Government departments at Ottawa, and in industrial plants, commercial institutions, schools, etc., in a number of other municipalities.

Charter trips by buses were restricted by an Order of the Transit Controller on March 12, 1942. By a further Order of the Controller, a restriction has been placed upon the number of vehicles which may be operated as taxicabs; no vehicle may be operated as a taxicab unless it was used as such in 1941.

The Transit Controller has issued an Order governing the operations of "chartered vehicles" which include taxicabs and "Drive-Yourself" automobiles and of "public vehicles" which include buses. Restrictions so imposed are designed to avoid duplication of service wherever possible and to eliminate services of a non-essential nature. Features of the Order include limitation of the radius of operation of a taxicab to fifteen miles from the limits of the municipality in which the vehicle is stationed and the prohibition of the use of taxicabs for sightseeing or conducted tours. The use of buses for this purpose has already been prohibited by a previous Order of the Controller. Limitations are placed on the hours of operation of "Drive-Yourself" cars, release for hire between 11:00 p.m. and 6:00 a.m. being prohibited except under special circumstances. Further, except in special cases a "Drive-Yourself" car may not be released to a person owning or controlling an automobile for which a gasoline ration book has been issued. Buses must conduct their operations in accordance with the instruction of the Controller and must submit such information as may be required to determine the essentiality of services rendered.

16. CIVILIAN DURABLE SUPPLIES

(a) Construction

In May, 1941, authority to control new construction, repairs to buildings, expansion of existing facilities and replacement or new installation of equipment was given to the Priorities Officer, and exercised through a Construction Control Division set up in the Priorities Branch. In August, 1941, a Controller of Construction was appointed and the powers of the Priorities Officer in this field were conferred upon him.

A policy of curtailment has been followed. Applications for licenses are scrutinized to ascertain whether projects are essential or advantageous at this time, and whether the type of construction could be modified to conserve scarce materials. The granting of a license does not confer on the licensee any priority rights to the delivery of equipment, materials or supplies to complete a project.

New and considerably extended powers were conferred upon the Controller of Construction in January, 1942. Under these new regulations, except under license by the Controller, no person may start, or continue with, a project involving:

1. Installation of equipment in any plant at a cost exceeding $5,000.00.

2. Construction, repairs, additions or alterations to any plant at a cost exceeding $5,000.00.

3. Construction, repairs, additions, alterations and installation of equipment in any building other than a plant, where the total cost of the construction including the cost of equipment, etc., exceeds $5,000.00.

The only exemption from this new Order is where the equipment, plant or buildings are owned by the Federal Government, or where the work is directly financed by the Federal Government. Definitions of building, plant, equipment, etc., were extended to bring a wider range of activities within the licensing requirements.

In the case of any building other than a plant, the maximum value of a project permitted without license is $5,000.00. In such case, the cost of construction, repairs, alterations, additions and installation of equipment, if forming part of one project, must be considered together as one amount in calculating the maximum value permitted without license.

In the case of a plant, equipment to the value of $5,000.00 may be installed without a permit in addition to a total value of $5,000.00 so allowed for construction, repairs, additions and alterations.

Control over production and use of construction materials, and construction material production facilities, is given to the Controller of Construction. As this may involve overlapping with the powers of other Controllers, it is provided that in such cases Orders of the other Controller will govern.

Under the previous Orders-in-Council governing the control of construction the jurisdiction of the Controller of Construction did not apply to one, two and three-family houses, agricultural, mining, logging, commercial fishing and railway buildings and structures, churches, public hospitabls, educational institutions, or any buildings financed by or under the control of any Provincial Government. These categories are now brought within his control.

(b) Motor Vehicles

In order to effect maximum co-ordination of the automotive industry with the demands of the war programme, a Motor Vehicle Controller was appointed in February, 1941. In May, 1941, the Controller acted to reduce production of passenger cars for domestic use. Using United States dollar content as the basis of a curtailment formula, production of passenger cars for domestic civilian use for the last nine months of 1941 was in effect limited to 80 per cent of the production on the same basis for the corresponding period of 1940. Sub-

sequently, in August, 1941, on the basis of a similar formula, 1942 production was limited to 50 per cent of 1941 output, which was equivalent to 44 per cent of the 1940 production.

Early in January, 1942, however, the previously announced quota for that year was superseded by a much more drastic measure, namely the entire prohibition of production of passenger cars for civilian use as soon as existing inventories of already fabricated parts were assembled. On this basis, domestic civilian production ceased entirely by the end of March. As a result of these curtailments and prohibitions, production for sale in Canada in recent years compares as follows:

1940 (no direct restriction)	94,633
1941	81,700
1942	7,974

Out of the cars produced in 1942, the Motor Vehicle Controller set aside a reserve of approximately 4500 vehicles as a "bank" or "pool" for emergency purposes. Vehicles from this pool will subsequently be released by the Controller on a strict essentiality basis as and when occasion may arise.

The excise taxes and the relatively heavy United States content of the larger cars had resulted in a sharp curtailment in the production of larger passenger car models even before the recent prohibition. Severe import quotas (20 per cent of 1940 money values) had also reduced the availability of such vehicles.

In addition to the measures above described, the Motor Vehicle Controller in June, 1941, prohibited the manufacture of white walled tires as from July 5. As from December 15, 1941, the Controller prohibited the supplying of spare tires and/or tubes as equipment for any motor vehicle or trailer manufactured for civilian use, except under permit. The restrictions on spare tires supplemented much more severe measures concurrently imposed by the Controller of Supplies. Earlier in December the Motor Vehicle Controller had also restricted the use of "bright work" in motor vehicle production.

With regard to trucks, domestic civilian production for the last 6 months of 1941 was, by agreement with the manufacturers, limited to 80 per cent of like production in the first half of that year. In December, 1941, production quotas for domestic civilian truck production were set for the year 1942, at a level permitting only 50 per cent of 1941 production of light trucks, and no more than 1941 production of heavy trucks. In March, this announced quota for civilian truck production was superseded by a total prohibition of production.

Prices of both new and used vehicles have been fixed by the Controller, and the amounts of dealers' transportation and servicing charges, and prices of optional accessories, likewise brought under control.

(c) Bicycles

The Controller of Supplies has acted to regulate the production of bicycles in order to assure a maximum production from the limited supplies of metal available for this purpose. An Order of the Controller, effective May 15, 1942, prohibited the manufacture of bicycles other than in conformity with prescribed construction specifications. These specifications, designed to minimize the amount of metal used, impose an over-all weight limit (less tires, lighting equipment and warning equipment) of 33 lbs. The use of metal in a number of bicycle parts and accessories was prohibited.

As from June 8, 1942, bicycle production is based on permit from the Controller. These permits are being issued for the total number of bicycles or bicycle frames which a manufacturer is to be allowed to make in the calendar

year 1942, and it is intended to issue permits for the manufacture of 150,000 bicycles in Canada this year, an increase of approximately 50 per cent in adult models from the quantity manufactured in 1941.

(d) Refrigerators, Washing Machines, Radios, Stoves, Vacuum Cleaners, Sewing Machines and Other Consumers' Durable Supplies.

Control of refrigerators, washing machines, radios, stoves, vacuum cleaners, sewing machines and a long list of other consumers' durable goods involving the use of metal has been placed under the jurisdiction of the Controller of Supplies.

As from October 1, 1941, monthly production of refrigerators, washing machines, stoves and vacuum cleaners for civilian use was placed on a maximum quota equivalent to 75 per cent of average monthly production in 1940. At the end of the year the production quota on washing machines and refrigerators was further curtailed to 60 per cent of 1940 average monthly output, commencing January 1, 1942.

With regard to stoves, in April, 1942, a further Order of the Controller placed the production of stoves under even closer control. As from June 1, 1942, stove production has been permitted only by direct permit from the Controller. Permits are only granted to produce stoves of essential types and which require minimum amounts of metal in construction. It is the intention of the Controller in issuing permits to restrict the total steel consumption of each manufacturer to a maximum of 60 per cent of 1940 consumption, and the total consumption of all metals to 80 per cent of 1940. By regulating the designs of stoves, the Controller is thus enabling a maximum production of units with a minimum consumption of metal.

Effective April 30, 1942, the production for civilian domestic use of electric washing machines, gasoline engine washing machines, and hand washing machines with metal tubs, was prohibited except under permit by the Controller. As of the same date, the production for civilian use of domestic refrigerators other than ice domestic refrigerators with wooden cabinets was similarly restricted.

With regard to radios, the original curtailment Order called for civilian production quotas on a sliding scale from October 1941, to February, 1942, inclusive, based on an average production for the period, of 75 per cent of monthly average production for the full year 1940, with output continuing at the 75 per cent rate thereafter. Subsequently, however, the increasing war demands for the materials involved necessitate a much more severe restriction, and accordingly, as from January 31, 1942, manufacture of radios for civilian purposes has been prohibited entirely except under permit from the Controller.

The Controller has also acted to prohibit production, as from January 1, 1942, of a long list of non-essential products involving the use of metal except for limited completion of products from inventories already on hand. Products so affected include metal toys, certain office and household accessories, certain furniture, coffins, signs, trunks and sundry household electrical appliances. As from the same date, the manufacture of a further list of products using metal was restricted on a metal content basis of 70 per cent of the monthly average weight of metal so used in 1940. Products so affected include spring-filled mattresses and upholstered furniture using springs, metal beds, filing cabinets, shelving, safes, lockers and visible record equipment.

Production of a further list of products, including sporting goods, cleaners for household utensils, ornaments and decorations, made of metal, was prohibited as from February 28, 1942, and production of a still further list of items, including phonographs and toys, children's sleighs, wagons and carts more than 10 per cent metal by weight, was prohibited as from May 31, 1942.

At the beginning of January, 1942, production of electric irons, toasters and household fans during the year 1942 was restricted to a 50 per cent quota on the basis of 1940 production.

Effective June 1, 1942, the manufacture of domestic sewing machines, domestic sewing machine parts and domestic sewing machine cabinets was prohibited except under permit by the Controller.

In no case does the fixing of a quota involve assurance of the availability of the necessary equipment, material and supplies.

17. NON-DURABLE SUPPLIES

(a) Coal and Coke

Convoy bunkers, railways and other vital industries have been given first claim on the better grades of coal, and a large portion of the Canadian coke output is reserved for essential war production. Although it has been necessary to largely withdraw the use of coke for home heating in certain areas, and to restrict its non-essential industrial consumption, every effort is made to assure a suitable supply of fuel for domestic and industrial purposes.

The responsibility of controlling and supervising production, importation, export, distribution and prices of coal and coke is vested in a Coal Administrator acting under the Wartime Prices and Trade Board. Administration of wood duel is also under his jurisdiction.

The amount of United States coal imported into Canada by all-rail movement has increased considerably due to the shortage of water transportation facilities. This has resulted in an increase in the cost of the coal due to higher freight rates. Increased costs will be met by payment of subsidy so that retail prices may remain consistent with those of the basic period and dealers will not be permitted to increase the margin of profit through payment of subsidy benefits. Such subsidy payments are handled by the Commodity Prices Stabilization Corporation. The Coal Administrator has been forced to resolve difficulties arising out of the cost of living bonus which was paid by Canadian producers to their employees in November, 1941, at the same time that the overall price ceiling was imposed. The Coal Administrator has also taken over, for the duration, the payment of subventions on the movement of Canadian coal, and assistance to coke producers.

Control of coal prices in the United States, coupled with other controls and the proposed pooling of national resources, necessitate close co-ordination between the Coal Administrator and United States authorities. This is rapidly developing.

(b) Cork

Cork has been declared a commodity essential to the war and placed under the jurisdiction of the Controller of Supplies. Such jurisdiction also extends over floor coverings made in whole or in part of cork, bottle tops or crowns lined with cork, and any articles of which cork constitutes 50 per cent or more of the component materials, or of which cork is the single component of chief value.

Specific controls on cork were enforced on November 22, 1941. The control Order makes provision for appointing authorized dealers in cork or cork products and for the issuance of permits to such dealers. Cork and cork products inventories are restricted to three months' normal requirements. Monthly use of cork in linoleum production is restricted to one-twelfth of the amount used in 1940. Except under permit from the Controller, the use

of ground cork for insulating purposes or cork insulating board is prohibited except for war purposes and for preservation of food and beverages by use in certain specified types of refrigeration equipment and cold storage rooms. Monthly statistical reports are required from authorized dealers in cork and producers of linoleum.

(c) Gasoline and Fuel Oil

As from April 1, 1942, the sale of motor fuel in Canada has been subject to the provisions of a coupon rationing plan. This plan follows a series of measures taken to conserve gasoline and fuel oil in Canada, subsequent to the appointment of the Oil Controller in June, 1940. These conservation measures which are still in force may be briefly outlined below. In some cases the measures indicated were preceded by regulations of less restrictive effect:

(1) No new service stations or gasoline outlets may be erected, and no additional gasoline pumps or storage tanks may be sold or installed for retail sales purposes (August, 1940).

(2) Any additions to existing oil burning equipment, conversion to oil burning equipment or installation of such new equipment is prohibited (June, 1941). Subsequently, more drastic action became necessary, and many large users have been instructed to convert to the use of coal.

(3) In July, 1941, hours of sale of motor fuel and lubricants were restricted to 7:00 a.m. to 7:00 p.m. on week days with no sales on Sundays. Sales were also limited to those made for cash on delivery, which must be directly to the tank of the consumer. In May, 1942, this restriction was relaxed to permit any dealer's station which is not in, or within five miles of, the limits of any city or town with a population of 5,000 or over, to remain open for business up to 9:00 p.m. on any Saturday in the months of May, June, July, August, September and October.

(4) Existing service station-dealer relationships have been frozen, no changes being permitted except under authorization by the Oil Controller (September, 1941).

(5) Since October 1, 1941, only two grades of gasoline have been supplied for use in the operation of motor vehicles in Canada.

(6) Effective from the last week in August, 1941, through November, 1941, a system of rationing by quota deliveries to service stations was in force. After November, advantage was taken of the seasonal ebb in gasoline consumption to discontinue this system and to lay plans for a more direct and equitable form of rationing by limitation on individual consumer purchases.

(7) Price ceilings on motor fuels, fuel oils and lubricating oils were established by the Oil Controller in October, 1941.

(8) As from April 1, 1942, gasoline for use in civilian motor vehicles has been obtainable only on presentation of coupons. For the purpose of operating the plan, every

motor vehicle has been listed as belonging in one of seven categories. Category "A" is a basic category. Inclusion in any category other than "A" is made only on the basis of proven eligibility. The most preferred category is that designated as "Commercial". Vehicles so qualified are allowed gasoline to the extent of their proved normal requirements.

The plan operated through the issuance of books of coupons. Each coupon permits the purchase of a designated number of units of gasoline according to the category of the vehicle for which it is issued. Vehicles in Category "A" are allowed from 60 to 76 units of gasoline, in accordance with a rating intended to equalize mileage.

The number of gallons of gasoline represented by a unit may be varied as conditions warrant. The Category "A" unit allowance is spread evenly over the year, but is varied by quarters to conform to seasonal conditions. For example, on the basis of a Category "A" allowance of 60 units, the distribution of use is as follows:

	Units
April - June, 1942	16
July - September, 1942	20
October - December, 1942	16
January - March, 1943	8
	60

Special provision is made for tourists.

Gasoline for the use of commercial and non-commercial marine engines is also under rationing control.

In addition to the formal restrictive measures as above described, other steps have been taken to promote conservation and to increase supply. Through an authorized increase in the price of crude oil in Turner Valley, Alberta, and through other means, domestic production and the search for new oil fields are being stimulated. An increase in domestic production in 1942 is anticipated.

Some months ago, refinery runs were changed, where possible, to give maximum yields of heavy and light oil.

All pipelines, tankers (ocean and lake) and tank cars owned or controlled in Canada are being used with a view to bringing in the maximum amount of crude possible. The oil companies are co-operating with a view to obtaining maximum efficiency in the distribution of products, and the elimination of cross-hauls wherever possible. Co-operation has been facilitated through the formation of advisory committees representative of the industry.

(d) Kapok

Kapok in all its forms, whether processed or not, was brought under the jurisdiction of the Controller of Supplies as from December 15, 1941. On the same date the Controller issued an Order prohibiting dealings in Kapok other than for war orders, except under permit. In May, 1942, the Controller prohibited all use of kapok by any manufacturer, except under permit. The Controller will not permit the use in the manufacture of any life raft, bouyancy tank, life belt, life jacket, or other life saving equipment except life vests or waistcoats, of any Kapok which does not contain at least one-half used or reclaimed Kapok.

(e) Manila Hemp and Sisal

Manila hemp and sisal are under the jurisdiction of the Controller of Supplies. A temporary freezing Order was imposed on December 24, 1941, covering manila hemp. Subsequently, control Orders were issued covering all production and use of manila hemp and sisal. Under an Order of the Controller dated March 25, 1942, the production of manila cordage in 1942 is limited at 45 per cent of 1941 output. The purchase of manila cordage is limited to a few essential purposes, namely: purse lines for use in commercial fishing; stevedoring rope for use in winches for loading or unloading vessels; lifeboat falls; tow lines on ocean-going vessels and drilling cables for mines, oil and gas wells.

The manufacture of binder twine has been placed under permit by the Controller, and the use of manila fibre or java sisal in the making of binder twine or tying twine is prohibited. No person shall use binder twine for other than the purpose for which it was made.

Purchases of tying twine are restricted to prevent dealers holding more than 60 days' supply, or persons other than dealers holding more than 45 days' supply. The production of tying twine is placed on a monthly quota of 70 per cent of monthly average production in 1941.

Importers of manila and sisal cordage are also placed on a quota which restricts sales of manila cordage to 45 per cent, sales of imported tying twine to 70 per cent and sales of imported binder twine to 100 per cent of 1941.

Provision is made for the return to suppliers of unopened coils of rope containing manila fibre, which cannot legally be sold or used under the terms of this Order.

The Order prohibits the use of manila or sisal fibre in the making of skipping ropes or any toy or play thing, and the use of manila or sisal, other than tow, is also banned in the manufacture of rugs, bedding and upholstering.

(f) Power

A Power Controller was appointed in August 1940, with jurisdiction extending over "hydraulic, electrical, steam, gas or other power". Subsequently the following measures have been effected with a view to the conservation and control of power.

(1) In September 1940, daylight saving was made applicable all the year round in the Provinces of Ontario and Quebec in the cases of those communities which observed daylight saving in the summer of 1940. Subsequently, daylight saving throughout Canada has been effected on an overall basis as from February 9, 1942.

(2) All use of electric power for steam purposes has been banned and coal boiler installations made, thereby making the power hitherto used for steam purposes available as primary power for war industry.

(3) In various localities, control devices have been installed or extended on domestic water heating systems in order to shut the power off from these systems automatically during certain hours of the day.

(4) Certain non-war industries have been forced to reduce takings during peak hours in certain sections.

(5) In the central areas all power systems have been interconnected so as to permit excess power in one part of the country to be used in other areas where there is a deficiency.

(6) A special power conduit has been built across Montreal permitting power generated from St. Lawrence water, which has a steady flow, to be transmitted from 12 midnight to 6:00 a.m., as well as during other hours in the summer, to the interior areas which are dependent on water storage for generating capacity, thus enabling that storage to be conserved for periods of greater demand.

(7) Rural power extensions and installations for electrical service have been banned by the Controller.

(8) Studies are in process in certain areas looking towards the elimination of display signs and window lighting and also to the staggering of hours, the latter in co-operation with the Controller of Transit.

(9) Various improvements in plants have been insisted upon to get maximum production of power from all capacity.

(10) Steps have been taken to conserve natural gas required for industrial use in south-western Ontario. To increase supply, a method of mixing propane with natural gas and also with artificial gas has been developed. To reduce non-essential demand, the installation of gas burning equipment in that area has been prohibited, except under permit, while conversion from gas to coal for the heating of commercial establishments in certain areas has been made compulsory.

(g) Rubber

The supply and distribution of rubber in Canada is under the jurisdiction of the Controller of Supplies. In October 1940, Fairmont Company Limited, a Government-owned Corporation was formed to acquire a reserve supply of rubber, and since September, 1941, Fairmont has been the sole purchaser of crude rubber for all Canadian requirements. All releases of crude rubber by Fairmont are made under the direction of the Controller of Supplies, and no purchases of crude rubber may be made from any source other than Fairmont.

Measures taken to conserve rubber fall naturally into two phases. Prior to the extension of the war into the Pacific, quantities of rubber available to processors for civilian purposes were being reduced gradually on a sliding scale calculated as a percentage of average civil requirements in the twelve months ended May 31, 1941. The reduction, from this base, commenced with 10 per cent in October, 1941, and reducing by 5 per cent in each subsequent month, envisaged a reduction of 30 per cent in civilian use by the month of February, 1942. Immediately on development of hostilities in the Pacific, however, much more drastic steps were taken to conserve rubber, as hereinafter described.

As an initial temporary measure, the Controller of Supplies on December 12, 1941 froze all dealers' stocks of automobile tires and tubes and,

on the following day, suspended the processing of raw rubber generally for other than defence or munitions uses. Concurrently, the Motor Vehicle Controller prohibited the supplying of spare tires and tubes as equipment on new motor vehicles.

Subsecuentlyan Order was issued by the Controller of Supplies on January 5, 1942, governing the sale of new tires and tubes, followed by an Order covering retreaded and used tires and used tubes. On May 15, a further Order of the Controller of Supplies consolidated the previous tire and tube regulations and introduced still more drastic restrictions. All tires and tubes, and retreading services, are now on a rationing basis. Sale to the general public has been prohibited completely, and may be made only to a very restricted eligible list representing essential uses, and subject to permit and proof of necessity.

The release of rubber for processing by manufacturers is being permitted for the time being on a limited basis in the case of an extremely restricted list of clearly essential uses. Both crude rubber and reclaim rubber are covered by the regulations directing their use to these essential purposes.

(h) Textiles

(i) Silk

In October, 1940, a Government-owned company, Plateau Company Limited, was formed to deal in "goods, wares, and merchandise, materials and commodities considered necessary or expedient or incidental to the production of munitions of war and supplies." The Company's principal function has been to act as agent for the purchase of silk for war purposes with emphasis on qualities suitable for the manufacture of parachutes and for shell filling.

The Plateau Company had no authority to curtail civilian consumption of silk. This was regulated through the War Exchange Conservation Act, effective December 2, 1940, which prohibited the importation into Canada of "silk cocoons, raw silk, rags and wastes of silk" except under permit. No permits were issued for imports of silk for apparel except hosiery. The supply for hosiery for sale in Canada was cut down gradually by means of quotas based on imports for the twelve months ending November 30, 1940. To the end of February, 1941, the quota was 100 per cent; thereafter, to the end of May, 75 per cent. For the four months ending September, the quota was to have been 50 per cent; and thereafter, to the end of the year, 40 per cent. The industry itself arranged its own production quotas. Export business was not restricted. Permits for other industries were granted only where such imports of silk were for essential war purposes.

On August 9, 1941, however, the private stocks of raw silk were frozen and placed under control of the Minister of Munitions and Supply, Plateau Company being designated as the agency of the Minister for the purposes of the freezing order. Silk on which "throwing" (twisting into threads) had been completed was excluded from the freezing order, and could be carried through into finished goods. Throwing operations and all prior processing ceased, except in the case of processing for war orders. On August 26, 1941, silk was placed under the jurisdiction of the Controller of Supplies, and on September 22, 1941, title to all stocks of silk in Canada was vested in Plateau Company. Stocks of silk have been released by the Controller only for use in connection with war orders. The only exception was silk in bales already opened at the date of the acquisition of stocks by Plateau, which silk was distributed to the industry on a pro rata basis.

(ii) Wool (see under Fabrics and Clothing, page 14).

(i) Timber

A Timber Controller was appointed on June 24, 1940. One of his first tasks was to organize the industry so that centralized buying for Government projects could be effected as economically as possible. In addition, the Timber Controller has been instrumental in bringing about a more efficient use and substitution of lumber so that the strain on other materials, such as steel, might be relieved. This policy has resulted in considerable saving on Government construction by more discriminating use of lumber. It has also been possible to maintain and increase exports of higher grade timber.

In order to stabilize prices under the keen demand for war purposes, the Timber Controller has set maximum prices at which it is legal to sell lumber, wood shingles and millwork by all those engaged in dealing in these products in Canada for Canadian consumption. These maximum prices do not apply to the export business. The general principle is to leave the administration of price controls largely within the industry itself and district committees have been set up to police the industry under the Timber Controller.

The work of the Timber Controller also extends into the matter of arranging orderly and efficient distribution of lumber and wood products generally, in order that the expanding needs of war and essential industry may be met promptly.

By reason of certain conditions existing in the Prairie Provinces it has been found necessary for the present at least to curtail the movement of lumber from the Provinces of Alberta, Saskatchewan, Manitoba, and Northern British Columbia, to destinations in Canada east of Port Arthur and Fort William, Ontario, except lumber to be purchased for the purpose of fulfilling existing contracts with the Department of Munitions and Supply, the Department of National Defence, or a company owned or controlled by His Majesty in Right of Canada, or unless the purchaser is buying for the purpose of fulfilling a sub-contract under such an original contract. It has also been found necessary to curtail to some extent the export of construction lumber to the United States, unless such lumber is purchased under the limitations set out by the War Production Board, Washington.

Owing to the necessity of conserving sufficient hardwoods for Canadian consumption, it was recently found necessary to change the policy with regard to the approving of export permits for hardwoods. By arrangements made under date of June 5, 1942, it will be necessary for Canadian exporters of certain grades of birch or maple lumber to make application for permits, which will only be approved when the Controller has been assured that the lumber is going into direct war work in the United States.

(j) Transparent Films

Transparent film sold under the trade names "Cellophane", "Sylphrap", "Diophane", "Pliofilm", "Protectoid", "Kodapak" and any similar wrapping materials are controlled by the Controller of Supplies. Under an Order dated October 23, 1941, the use of transparent films as above described is prohibited for any purpose except for making cellulose adhesive tape or for packaging food, candy, drugs or tobacco when not in tin or glass containers. The Order does not apply to transparent film having a thickness of two and a quarter one-thousandths of an inch or more, scrap transparent film or existing supplies on hand as at November 1, 1941.

18. FOODSTUFFS

(See "Conservation of Supplies", pages 12 - 15).

INDEX